SHAILY ENGINEERING PLASTICS LIMITED

[Formerly know as Anmol Trading Company Limited (ATCL)].

(Anmol Trading Company limited (ATCL) was incorporated on 18th April 1980 under the Companies Act , 1956 vide registration no 11-22531 and obtained certificate of commencement of business on 24th April 1980.The name of the Company was subsequently changed to Shaily Engineering Plastics Limited vide fresh certificate of incorporation No. 11-22531 dated 15th January 2003.
Registered Office: 51, Dariyasthan Street, Vadgadi, Mumbai- 400 003. (At the time of incorporation , the registered office of the company was situated at 1004 Raheja Center , 214 Backbay Reclamation , Nariman Point , Mumbai 400021 thereafter w.e f 19th December,1980 shifted to Hamam House, Ambalal Doshi Marg, Mumbai-400023 and thereafter w.e.f. 10th March 1995 the Registered Office of the company is shifted to the present address)

Correspondence Office: 8, J. P. Nagar, Old Padra Road, Baroda, Gujarat – 390 015 **Tel:** +91-265-2330674; **Fax:** +91-265- 2332723
Head Office: Survey # 364 / 366, at post Rania, Ta. Savli , Dist. Baroda 391780. **Tel:** +91-2667-244361; **Fax:** +91-2667- 244372
E-mail: ipo@shaily.com **Website**: www.shaily.com
Contact person and Compliance officer : Mr. Sanjay Shah – Vice President

FOLLOW-ON PUBLIC ISSUE OF {●} EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PREMIUM OF RS. **{●}** PER SHARE (i.e. AT A PRICE OF RS. **{●}** PER SHARE) AGGREGATING TO RS.2400 LACS.

The Company is considering a Pre-FPO Placement (Preferential Allotment) of up to [●] Equity Shares with certain investors. The Company will complete the issuance, if any, of such Equity Shares prior to the completion of this Issue. If the Pre-FPO Placement/Preferential Allotment) is completed the number of Equity Shares issued pursuant to the Pre-FPO Placement will be reduced from the Net Issue, subject to a minimum Issue size of 25% of the post Issue capital.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10/- PER EQUITY SHARE AND THE ISSUE PRICE OF RS. {●} PER EQUITY SHARE IS {●} TIMES OF THE FACE VALUE. THE ISSUE WOULD CONSTITUTE {●} OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF SHAILY ENGINEERING PLASTICS LIMITED.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Prospectus. **Specific attention of the investors is invited to the summarized and detailed statements in risk factors beginning on page [●] of this draft prospectus.**

COMPANY'S ABSOLUTE RESPONSIBILITY

The Company having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Prospectus as a whole or any of such information or the epression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares of the Company are already listed on Bombay Stock Exchange Limited (BSE). The Equity Shares offered through this Draft Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) (The Designated Stock Exchange), The Company has received in-principle approval from, BSE vide their letter no. **[●]** Dated **[●],** for listing of the Equity Share being issued in terms of this Draft Prospectus.

IPO GRADING

The Company has not opted for a grading of this Issue from a credit rating agency

LEAD MANAGER	REGISTRAR
CENTRUM CAPITAL LIMITED **SEBI Regn No. INM000010445** **UIN No. 100016915** **AMBI Reg. No: AMBI /087** Khetan Bhavan, 5th Floor, 198, J Tata Road, Churchgate, Mumbai 400 020. Tel: +91–22– 3028 0400 Fax: +91–22– 2204 6096 Website: www.centrum.co.in Email: sepl@centrum.co.in Contact Person: Mr. Alpesh Shah	**BIGSHARE SERVICES PVT. LTD** **SEBI Regn No. INR000001385** **UIN No.100003467** E-2, Ansa Industrial Estate, Saki Vihar Road,Saki Naka, Andheri (East), MUMBAI : 400 072. Tel: +91 – 22 – 28470744 Fax: +91 – 22 – 28475207 Website: www.bigshare online.com Email: bigshare@bom7.vsnl.net.in Contact Person: Mr N.V.K.Mohan

ISSUE SCHEDULE

ISSUE OPENS ON:	[●]	ISSUE CLOSES ON:	[●]

TABLE OF CONTENTS

DEFINITIONS AND ABBREVIATIONS

I. CONVENTIONAL / GENERAL TERMS:

TERM	DESCRIPTION
Articles / Articles of Association / AoA	Articles of Association of the Shaily Engineering Plastics Limited.
Companies Act	The Companies Act, 1956, as amended from time to time for the time being in force.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time for the time being in force.
Depository Participant	A depository participant as defined under the Depositories Act.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed there under for the time being in force.
Financial Year/FY / Fiscal	Period of twelve months ended March 31st of that particular year.
FIs	Financial Institutions.
FII/ Foreign Institutional Investor	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India.
Indian GAAP	Generally Accepted Accounting Principles in India.
IT Act	The Income-Tax Act, 1961, as amended from time to time and for the time being in force.
Memorandum / Memorandum of Association / MoA	The Memorandum of Association of Shaily Engineering Plastics Limited.
NRI / Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000.
OCB	Overseas Corporate Bodies.
SCRR	Securities Contracts (Regulations) Rules, 1957 as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time and for the time being in force
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time.

II. ISSUE-RELATED TERMS:

TERM	DESCRIPTION
Allotment	Unless the context otherwise requires, issue of equity shares pursuant to this Issue.
Allottee	The successful applicant to whom the Equity Shares are being / or have been issued or transferred
Applicant	Any prospective investor who makes an application pursuant to the terms of this Draft Prospectus.
Application Forms	The Form in terms of which the investors shall apply for the equity shares of the company.
Banker(s) to the Issue	[•]
Issue Opening Date	The date on which the issue opens for subscription.
Issue Closing Date	The date on which the issue closes for subscription.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective applicants can submit their application forms.
BSE	Bombay Stock Exchange Limited.
Designated Stock Exchange	Bombay Stock Exchange Limited (The Stock Exchange, Mumbai)
Draft Prospectus	This Draft Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the RoC at least three days before the opening of the Issue. It will become a Prospectus after filing with the RoC after the pricing.
Equity Shares	Equity shares of face value of Rs.10 each of the Company unless otherwise specified in the context thereof
Face Value	Face Value of equity shares of the Company being Rs. 10/- each
First Applicant	The applicant whose name appears first in the Application Form
Fresh Issue/ Issue / Public Issue	Public issue of [.] Equity Shares of Rs.10/- each for cash at the issue price of Rs. [.] aggregating to Rs. 2400 Lacs by the Company in terms of the Draft Prospectus. *The Company is considering a Pre-FPO Placement (Preferential Allotment) of up to [.] Equity Shares with certain investors. The Company will complete the issuance, if any, of such Equity Shares prior to the completion of this Issue. If the Pre-FPO Placement/Preferential Allotment) is completed the number of Equity Shares issued pursuant to the Pre-FPO Placement will be reduced from the Net Issue, subject to a minimum Issue size of 25% of the post Issue capital.
GIR Number	General Index Registry Number
Issuer	Shaily Engineering Plastics Limited
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of this Draft Prospectus.
Lead Manager	Lead Manager to the Issue, in this case being CENTRUM CAPITAL LIMITED.
Non-Retail Applicants	All applicants that are not Retail Individual applicants
Retail Applicants	The portion of the Issue that is available for allocation to Non-Institutional persons who applies for an equity shares for an amount of more than Rs 100,000.
Permanent Employees	Permanent Employees of the Company as on 30th September, 2006.

ROC	The Registrar of Companies,Hakoba Mill Compound, Kalachowky, Dattaram Lad Marg , Mumbai 400033
Registrar / Registrar to the Issue	Registrar to the Issue, in this case being Bigshare Service Private Limited, having its registered office as indicated on the cover page of this Draft Prospectus.
Stock Exchange	BSE

III. COMPANY/ INDUSTRY-RELATED TERMS:

TERM	DESCRIPTION
AGM	Annual General Meeting
Articles / Articles of Association / AoA	Articles of Association of the Shaily Engineering Plastics Limited.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
Auditors	The statutory auditors of the Company M/s Shah Sanghvi & Company Chartered Accountants
Board of Directors	The Board of Directors of Shaily Engineering Plastics Limited or a committee thereof
Compliance Officer	Compliance Officer of the Company in this case being, Mr. Sanjay Shah , Vice President – Finance
Shaily Engineering Plastics Limited / SEPL/ the Company/ the issue	Unless the context otherwise indicates or implies refers to Shaily Engineering Plastics Limited, a Public Limited Company incorporated under the provisions of the Companies Act, 1956 with its registered office at 51, Dariyasthan Street, Vadgadi, Mumbai- 400 003.
Director(s)	Director(s) of the Company unless otherwise specified
Equity Shares	Equity shares of face value of Rs.10/- each of the Company unless otherwise specified in the context thereof
Equity Shareholders	Persons holding Equity shares of the Company unless otherwise specified in the context otherwise.
Face Value	Value of paid-up Equity Capital per Equity Share, in this case Rs. 10/- each.
FVCI	Foreign Venture Capital Investor registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
Memorandum / Memorandum of Association / MoA	The Memorandum of Association of the Shaily Engineering Plastics Limited.
Non-Resident	A person who is not a NRI, FII or a person resident in India
Promoter(s)	Persons whose name have been inserted as promoters as referred on page [•] of this draft prospectus.
Registered Office of the Company	Registered Office of the Company situated at 51, Dariyasthan Street, Vadgadi, Mumbai- 400 003.

In the section entitled "Main Provisions of Articles of Association of Shaily Engineering Plastics Limited", defined terms have the meaning given to such terms in the Articles of Association of the Company.

IV. ABBREVIATIONS:

ABBREVIATION	FULL FORM
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
AY	Assessment Year
AGM	Annual General Meeting
BSE	Bombay Stock Exchange Limited
Centrum	Centrum Capital Limited
CAGR	Compounded Annual Growth Rate
Capex	Capital Expenditure
CDSL	Central Depository Services (India) Limited
D/E Ratio	Debt Equity Ratio
DP	Depository Participant
EBDITA	Earnings Before Depreciation, Interest, Tax and Amortization
EGM	Extraordinary General Meeting
EPS	Earnings Per Equity Share i.e. profit after tax divided by outstanding number of Equity Shares at the year-end.
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations there under and amendments thereto.
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws.
FIPB	Foreign Investment Promotion Board
FY / Fiscal	Financial year ending march 31ST
GIR Number	General Index Registry Number
GoI	Government of India
HR	Human Resources
HUF	Hindu Undivided Family
INR/ Rs	Indian National Rupee
MoU	Memorandum of Understanding
MNC	Multi National Company
MP	Management Proposal
N. A.	Not Applicable
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depositories Limited
NAV	Net Asset Value being paid-up Equity Share Capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit & Loss account, divided by number of issued Equity Shares.
OCB	Overseas Corporate Bodies
OEM	Original Equipment Manufacturer.
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India
ROC	The Registrar of Companies, Hakoba Mill Compound , Kalachowky , Dattaram Lad Marg , Mumbai 400033.
RoNW	Return on Net Worth
Sec.	Section
VCF	Venture Capital Funds

SECTION I- RISK FACTORS

1. CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Draft Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "Lakh" or "Lac" means "one hundred thousand" and the word "million" means "ten lacs" and the word "Crore" means "ten million". In draft Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout this Draft Prospectus, all figures have been expressed in Lacs unless otherwise stated. All references to "India" contained in this Draft Prospectus are to the Republic of India.

For additional definitions used in this draft prospectus, see the section "Definitions and Abbreviations" on page [.] of this Draft Prospectus. In the section entitled "Main Provisions of Articles of Association" on page [.] of this Draft Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company. Industry data used throughout this Draft Prospectus has been obtained from industry publications and other authenticated published data. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the company believes industry data used in this Draft Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

2. CURRENCY OF PRESENTATION

In this Draft Prospectus, all references to "Rupees" and "Rs." are to the legal currency of India.

In this Draft Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

3. FORWARD-LOOKING STATEMENTS

This Draft Prospectus contains certain "forward-looking statements". These forward looking statements can generally be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe the objectives, plans or goals also are forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations include, among others:

- General economic and business conditions in India, and other countries where the Company exports its products,
- The ability to successfully implement the strategy, the growth and expansion plans and technological changes;
- The size, timing and profitability of significant service projects and product sales;
- The effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees do not have immediate consequence at the existing level of operations.
- The ability to retain the clients and acquire new clients;
- Changes in the pricing policies or those of the competitors;
- Cancellations, contract terminations or deferrals of projects;
- Unanticipated variations in the duration, size and scope of the projects;
- Changes in the value of the Rupee and other currencies;
- Changes in laws and regulations that apply to the industry under which the Company is operating; and
- Changes in the political and social conditions in India.

For further discussion of factors that could cause actual results to differ, please see the section entitled "Risk Factors" beginning on page **[.]** of this Draft Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company, the Directors, any member of the Lead Manager team nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

4. RISK FACTORS

RISK FACTORS ENVISAGED BY MANAGEMENT AND MANAGEMENT'S PROPOSALS TO ADDRESS THE RISKS

An investment in equity shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Draft Prospectus including the risks described below, in addition to the other information contained in this Draft Prospectus, before making any investment decision relating to the Equity Shares. If any of the following risks actually occur, the Company's business, results of operations and financial condition could suffer, the trading price of the Company's Equity Shares could decline, and the investor may lose all or part of his investment.

Note: Unless specified or quantified in the relevant risk factors below, the Company is not in a position to quantify the financial or other implication of any risks mentioned herein under:

Materiality:

The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

a) Some events may not be material individually, but may be found material collectively.
b) Some events may have material impact qualitatively instead of quantitatively.
c) Some events may not be material at present but may be having material impacts in future.

The risk factors are as envisaged by the management along with the proposals to address the risk, if any. Wherever possible, the financial impact of the risk factors has been quantified.

OUTSTANDING LITIGATIONS

OUTSTANDING LITIGATIONS INVOLVING SHAILY ENGINEERING PLASTICS LIMITED

FILED AGAINST THE COMPANY:
LABOUR CASES

SR No	Name of the opposite party	Place of Litigation	Court /Authority before which litigation is pending	Case No/Year Instituted	Claim Amount (Rs in lacs)	Provision made in the Balance Sheet
1	Mr. Ganpatsinh V. Baria	Baroda	Labour Court (Baroda)	LCV 2 – 1284 / 98	------	No
2	Mr. Ranjitsinh Vaghela	Baroda	Labour Court (Baroda)	LCV 2 – 1465 / 98	------	No
3	Mr. Somabhai Ramabhai Dabhi	Baroda	Labour Court (Baroda)	LCV 2 – 1066/ 99	------	No
4	Mr. Bhailal P. Solanki	Baroda	Labour Court (Baroda)	LCV 265 / 2000	------	No
5	Mr Dinesh R. Harijan	Baroda	Labour Court (Baroda)	LCV 342/02	------	No
6	Mr. Veera	Godhra	Labour Court	LCG 355 / 1992	------	No

	Makwana		(Godhra)	Godhra		
7	Mr. Veera Makwana	Godhra	Labour Court (Godhra)	LCG 427 / 1992 Godhra	------	No
8	Rastriya Mazdur Union	Vadodara	Labour Court (Baroda)	122 to 133/2000	------	No

BRIEF HISTORY OF THE CASE.

1. Mr Ganpatsinh V Baria (Worker) has lodged a case in Labour Court, Baroda asking for reinstatement. His job was terminated due to labour restructuring in the organization. He has not resumed till date even though Company has offered him employment. The next date of hearing is 5th December, 2006.
2. Mr Ranjitsinh Vagela has lodged a claim in the Labour Court asking for reinstatement with back wages. Company has submitted a reply stating that Mr Ranitsinh Vagela was regularly absent from his duties without any prior notice to the company and company has also denied the demands made from Mr Ranjitsinh Vagela .The next date of hearing is 30th November, 2006.
3. Mr Somabhai Ramabhai Dabhi was working as a Driver in the Company. He has resigned on his own from the company. Subsequently he lodged a case in the Labour Court for reinstatement with back wages. Company in their reply has denied the demands made from Mr Somabhai Ramabhai Dabhi. The next date of hearing is 5th December, 2006.
4. Mr Bhailal P Solanki was found guilty in theft for which domestic enquiry was conducted by the company and he was terminated from the services. Mr Bhailal P Solanki had lodged a case in the court for reinstatement with back wages. Company in their reply has denied the demands made from Mr Bhailal P Solanki the next date of hearing is awaited.
5. Mr Dinesh R Harijan has resigned on own by giving resignation letter to the Company on 01/07/1997 and after about two years he has lodged case in the Labour Court asking for reinstatement with back wages. Company in their reply has denied the demands made from Mr Dinesh R Hariajn . The next date of hearing is 12th December, 2006.
6. & 7Worker has stopped attending duty on his own claiming for payment for overtime working and thereafter he lodged a claim for overtime and restatement with back wages. Company in their reply has denied the demands made from Mr Veera Makwan . The next date of hearing is 14th December, 2006.

8. Rashtriay Mazdur Union on behalf of workers has filed a case against the company for reinstatement with back wages . Company in their reply has denied the demands made from Rashtriay Mazdur Union.

EXCISE CASES:

Sr. No.	**Name of the opposite party**	**Place of Litigation**	**Case No/Year Instituted**	**Claim Amount (Rs in lacs)**	**Provision made in the Balance Sheet**
1	Asstt. Commissioner, Central Excise	Halol	V/ 15-14/SCN/Shaily/2006	185197/-.	No
2	Dy. Commissioner, Central Excise	Vadodara	V. Ch.39(4)62/SCN/05-06	198428/-	No
3	Jt. Commissioner, Central Excise	Vadodara	V. Ch.84(4)3/Dem//JC/2006	1585,746/-	No

1. The Asstt. Commissioner, Central Excise & Customs, Division Halol has issued show cause notice # V/15-14/SCN/Shaily/2006 dated 29.09.2006 to the company stating that there is a short payment of duty by the company amounting to Rs.185,197/- by misclassifying the goods named i.e. Nipple/16,

Nipple/17, and Reducer 17 x16 and thereby cleared the same without payment of duty for the period September 2005 to October 2006..The date of personal hearing is awaited.

2. The Deputy Commissioner, Central Excise & Customs, Division I, Vadodara I has issued show cause notice # V. Ch.(4)62/SCN/05-06 dated 1.06.2006 to the company claiming that Company as taken the total value of the Invoice and have not considered the discount availed by them and thereby have availed excess cenvat credit of Rs.198,428/-.
3. The Jt. Commissioner, Central Excise & Customs, Vadodara I, has issued show cause notice (SCN) # V. Ch.84(4)3/Dem//JC/2006 dated 15.11.2006 to the company stating that company has availed canvat credit of Rs.1585,746/- on capital goods i.e. moulds received from Hindustan Lever Ltd. (HLL) on rental basis for manufacturing activities for which company has to pay rent to HLL. The said moulds are imported by HLL Whereas Show Cause Notice is issued on the basis that cenvat credit is allowed only if the capital goods are acquired by the company on lease, hire purchase or loan agreement from the finance company and HLL is not a finance company. It is also stated in the Show cause notice that even agreement executed between HLL and company is not notarized or executed before appropriate legal authority. and there is a mutual understanding between the parties for selling the machinery to another in guise of lease agreement and there is a contravention of the conditions of sub-rule (3) of Rule 4 of Cenvat Credit Rules, 2002.

SALES TAX CASES:

Sr No	**Authority before whom case is pending**	**Year**	**Provision made in the Balance Sheet**
1.	Assistant Commissioner (Appeal Baroda)	1995-96	**No**
2	Assistant Commissioner (Appeal Baroda)	1996-97	**No**
3	Assistant Commissioner (Appeal Baroda)	1997-98	**No**
4	Assistant Commissioner (Appeal Baroda)	1998-99	**No**
5	Assistant Commissioner (Appeal) Baroda	2002-03	**No**

BRIEF HISTORY OF THE CASE .

1. The Assessing Authority has raised a demand of Rs 34,424/- for the year 1995-1996.The Assessing Authority at Vadodara has not accepted consolidated (single) `C' Form issued for two units of the company at Halol and Vadodara (Rania) since company has already submitted the same at Halol. Subsequently Deputy Commissioner of Sales Tax (Appeals02) has partially allowed the appeal against the order of Asstt. Commissioner of Sales Tax (Circle 23), Vadodara. Against the said order company has filed an appeal before the Hon'ble Gujarat Sales Tax Tribunal at Ahmedabad. The Tribunal has accepted the appeal and reverted back the matter to the Asstt. Commissioner of Sales Tax for assessment of documents at appeal level.
2. a)The Assessing authority has raised a demand of Rs 12,328/-for the year 1996-1997 for local sales tax. The Assessing Authority did not allow the company to present Form 19 which company has received later due to non availability of the same with the department. The Assessing Authority has also disallowed rejection of the goods against the said Form. Company has filed appeal before the Hon'ble Gujarat Sales Tax Tribunal at Ahmedabad. The Tribunal has accepted the

appeal and reverted back the matter to the Asstt. Commissioner of Sales Tax for assessment of documents at appeal level.

b)The Assessing authority has raised a demand of Rs 108,401/-for the year 1996-1997 for central sales tax. The Assessing Authority did not allow the company to present Form 19 which company has received later due to non availability of the same with the department. The Assessing Authority has also disallowed rejection of the goods against the said Form. Company has filed appeal before the Hon'ble Gujarat Sales Tax Tribunal at Ahmedabad. The Tribunal has accepted the appeal and reverted back the matter to the Asstt. Commissioner of Sales Tax for assessment of documents at appeal level.

3. The Assessing Authority has raised a demand of Rs 58,596/- for the year 1997-1998.The Assessing Authority has disallowed the claim of the company due to rejection of goods not considered by Appellant Authority Against the order company has filed an appeal before the Hon'ble Gujarat Sales Tax Tribunal at Ahmedabad. The Tribunal has accepted the appeal and reverted back the matter to the Asstt. Commissioner of Sales Tax for reconsideration of the matter and fresh decision after providing reasonable opportunity of hearing and producing necessary documents.
4. a)The Assessing Authority has raised demand of Rs.55,509/- on cental sales tax for the year 1998-99 from the company because of non submission of Form `C', calculation of tax on rejected sales, tax calculation mistake etc. On appeal by the company to the Hon'ble Gujarat Sales Tax Tribunal at Ahmedabad. The Tribunal has accepted the appeal and reverted back the matter to the Asstt. Commissioner of Sales Tax for assessment of documents at appeal level.

   b) The Assessing Authority has raised demand of Rs.12,36,180/- on local tax for the period 1998-99 from the company disallowing the transaction between Registered Dealer and Registered Dealer and transaction of inter state sale. Material purchased and return back due to rejection is also considered as sales by the Asssesing Authority.In addition there were other transactions for which company has submitted `C' form but Sales Tax Authorities has considered that sales as a local sales and charged 15% CST on the same. On appeal of the company to the Hon'ble Gujarat Sales Tax Tribunal at Ahmedabad. The Tribunal has accepted the appeal and reverted back the matter to the Asstt. Commissioner of Sales Tax with a direction to provide a reasonable opportunity of proving the case of rejected goods.

5. The Assessing Authority has raised demand for Rs.47,082/- for the year 2002-203 for non payment of purchase tax for which the company has adjusted the same against payment made at checkpost Company has approached Appellant Commissioner to allow the adjustment of purchase tax payment.

DGFT CASES:

Details of Show Cause Notice received from DGFT, Baroda for non fulfillment of export obligation against advance license are as under

Sr No	Show Cause Notice No. and Date	License No /date	Export Obligation (Rs in lacs)
1	34/24/040/00075/AM05/360-22.09.2006	3410011285-23.08.2004	-----
2	34/24/040/00123/AM05/360-13.10.2006	3410011970-10.11.2004.	25.19
3	34/24/040/00103/AM05/360-13.10.2006	34100116340-4.10.2004	2.08
4	34/24/040/00104/AM05/360-13.10.2006	3410011653-5.10.2004	30.96

5	34/24/040/00086/AM05/360-12.10.2006	3410011470-10.09.2004	12.69
6	34/24/040/00102/AM05/360-13.10.2006	3410011638 - 04.10.2004	**6.38**
7	34/24/040/00101/AM05/360-13.10.2006	3410011629 -04.10.2004	15.53
		Total	92.83

OUTSTANDING LITIGATIONS INVOLVING GROUP COMPANIES

FILED AGAINST THE COMPANY

1. **PANAX APPLIANCES PRIVATE LIMITED.**

S N	Parties	Authority before which it is pending Case No /date	Issue.	Present status	Amount Involved (Rs)
1	Deputy Collector (Stamp Duty Valuation Organization Div II) Vadodara V/s	Chief Controlling Revenue Authority (Gandhinagar) 12/201 dated 29/12/2001	Dispute with respect payment of stamp duty paid on agreement made for purchase of property	Appeal has been field before Chief Controlling Revenue Authority (Gandhinagar) and awaiting for a judgment.	303903/-
2	Deputy Collector (Stamp Duty Valuation Organization Div II) Vadodara V/s	Deputy Collector (Stamp Duty Valuation Organization Div II) Vadodara V/s	Dispute with respect payment of stamp duty paid on agreement made for purchase of property	Reply has been submitted	710,000/-

LABOUR LAW

A. RISK FACTORS SPECIFIC TO THE PROJECT AND INTERNAL TO THE COMPANY:

SR No	Name of the opposite party	Issue	Place of Litigation	Court before which litigation is pending	Case No/Year Instituted	Present status	Claim Amount (Rs in lacs)	Provision made in the Balance Sheet
1.	Mafat Zaverbhai Rabari	Claim for reinstatement with back wages	Vadodara	Labour Court (Baroda)	Misc. 6 / 2006	The case is pending with the Court and next date of hearing is 5.12.2006	-	-

PROJECT RELATED RISKS

1. **OBJECTS OF THE ISSUE**

The project for which funds are being raised have not been appraised by any bank or financial institution or an independent organization. For details please refer section title "object of the issue" on page no **[.]** of this draft prospectus.

Management perception: The Company has obtained term loans for Phase I from State Bank of India who would be monitoring the project implementation for Phase I. For Phase II& III the Company has appointed a committee of Directors which includes independent Directors to oversee implementation of the project and deployment of funds.

2. **NON ACQUISITION OF LAND REQUIRED FOR THE PART OF THE PROJECT TO BE SET UP AT UTTRANCHAL.**

The Company has not started the acquisition process regarding the land and delay in acquisition of land may delay the project to be set up at Uttaranchal.

Management perception: The Company has already identified land and given an initial token advance of Rs 151,000 (one Lakh Fifty one thousand only) for land at Uttaranchal and is awaiting title clearance report from its solicitors. The company expects to complete the process of transfer of land in the next 3 months .

3. **FOR THE PROPOSED PROJECT QUOTATION FOR BULK OF MACHINERY IS RECEIVED BUT ORDERS IS YET TO BE PLACED.**

The Company is yet to place the orders for the Machinery amounting to Rs 1018.70 lacs constituting 33.24% of the total project cost, for details please refer to page no **[.]** of this draft prospectus.

Management perception: The order shall be placed from time to time to coincide with the progress in construction of building for the project so that delivery is received coinciding with readiness of the building for their installation .

4. **SECOND HAND MACHINERY WORTH RS 53.66 LAKHS IS PROPOSED TO BE PURCHASED FOR THE PROJECT.**

The Company, as a part of the project cost is purchasing a second hand machinery at a cost of Rs 53.66 lakhs which is 1.75 % of the total project cost. The Company may be unable to service the machinery or may not be able to obtain spare parts therefore on a timely basis, which may affect the operational efficiency of the proposed unit.

Management perception: The machines purchased are being refurbished by the supplier whose business is to recondition and supply second hand machines. M/s. Shinnihon Kentei (S) Pte. Ltd was appointed for the inspection of the second hand machinery and they have certified regarding balance estimated life of the machinery to be over 10 years.

5. **FLUCTUATION IN FOREIGN EXCHANGE MAY IMPACT THE COST OF MACHINERY PROPOSED TO BE IMPORTED.**

Management perception: The Company does not foresee any change in this in the short run however the company has already provided for contingency to the extent of 5 % & 7 % (in case of Uttaranchal project) in the project cost.

6. **THE COMPANY HAS NOT YET RECEIVED NECESSARY PERMISSION FOR THE PROJECT TO BE SET UP AT UTTRANCHAL FROM THE APPROPRIATE AUTHORITY.**

DETAILS OF APPROVALS PENDING & THE CONCERNED AUTHORITY ARE GIVEN BELOW.

SR NO.	APPROVAL/ CONSENTS	AUTHORITY
1	Registration with SIA from Ministry of Industry	Ministry of Industry Dept of Indl Policy & Promotion Secretariat of Indl Assistance
2	Registration under the CST / VAT	Sales Tax Department
3	Registration under the Factories Act	o/o The Joint Director, Industrial Safety and Health
4	NOC/ Consent Environmental clearance	State Pollution Control Board
5	Consent for Power supply	State Electricity Board
6	Consent of Central Excise Authority for manufacture of goods	Central Excise & Customs
7	Registration under Service Tax	Service Tax Cell Central Excise & Customs
8	Registration under Provident Fund Act	o/o The Regional Provident Fund Commissioner
9	Registration under Contract Labour Regulation Act	o/o The Government Labour Officer
10	Approval of the Town Planning Department	o/o The Town Planning Department
11	Registration with District Industries Center.	o/o The Industries Commissioner, District Industries Central

Management perception: The approvals required are normal approvals and the company does not envisage any problems in getting the required approvals.

7. **DELAY IN PROJECT IMPLEMENTATION WILL LEAD TO COST OVERRUN.**

The proposed project is to be substantially funded from the proceeds of this issue. Any delay in the successful implementation of the project will adversely impact the estimated revenue and profitability of the company.

Management perception: The entire process is streamlined and professionally managed by competent and experienced team of supervisors and engineers. However taken into account unforeseen circumstances Company has provided a contingency to the extent of 5% & 7% (in case of Uttaranchal project) in the project cost in order to meet any cost overruns.

8. **NON RECRUITMENT OF MANPOWER FOR THE PROPOSED PROJECT.**

Management perception: The company has its senior management team in place and manpower will be appointed at the appropriate time when the project is implemented

RISK FACTORS INTERNAL TO THE COMPANY

1. **THE COMPANY IS NOT COMPLYING FOLLOWING PROVISION OF COMPANIES ACT, 1956**

a) **Non Compliance of Section 383 A**

Company is not complying the provision of section 383A of the Companies Act, 1956 for the period from 06-12-2002 as the company has not appointed Company secretary. Company shall be required to pay a penalty of Rs 500 per day from the date of default because of non compliance of above provisions.

Management Perception : Though Company is not complying the provision of section 383A of the Companies Act, 1956 for the period from 06-12-2002 as the company has not appointed Company secretary, However the company has availed the services of a practising company secretary to oversee the secretarial functions of the company .

2. **FAILURE TO COMPLY WITH EXPORT OBLIGATION MAY SUBJECT THE COMPANY TO SIGNIFICANT IMPORT DUTIES AND OTHER PENALTIES.**

The company has imported capital goods, which is used for manufacturing. Applicable governmental regulation allow the Company to import such goods at concessional rate of import duties, provided the company correspondingly export a pre-determined value of products within a specified time period .As on 30th November 2006 , the Company has an obligation to export products of USD 944064. While the Company fully expects to comply with these obligations , there can be no assurance that the company will be able to meet its obligations on time. Any inability to fulfill these export obligations in a timely manner may require the Company to pay significant import duties and other penalties, which could have material adverse effect on the company's operations and financial results.

3. **COMPANY HAS ENTERED INTO CERTAIN RELATED PARTY TRANSACTIONS.**

The company has entered into certain related party transaction with promoter group entities and key managerial personnel. For further details refer to section title "Financial Statements-Related party transaction "on page no [.] of this draft prospectus.

Management perception: These transactions are unbiased and are entered into at an arms length. The interest of the company and its shareholders has been well protected. There are no concessions or waivers offered /availed in such related party transactions.

4. **THERE HAS BEEN NEGATIVE CASH FLOWS DURING THE PERIOD ENDED ON 31ST MARCH, 2001-2002, 2002-2003,2003-2004,2004-2005,2005-2006 AND FOR THE PERIOD ENDED 31ST SEPTEMBER ,2006 IN THE FOLLOWING ACTIVITIES.**

Particulars	Amount (Rs in lakhs)
Net cash flow from investing Activities (2001-2002)	37.77
Net Cash flow from Financing Activities (2001-2002)	354.47
Net cash flow from investing Activities (2002-2003)	37.44
Net Cash flow from Financing Activities (2002-2003)	335.02
Net cash flow from investing Activities (2003-2004)	25.90
Net Cash flow from Financing Activities (2003-2004)	242.76
Net cash flow from investing Activities (2004-2005)	291.98
Net cash flow from investing Activities (2005-2006)	347.54
Net cash flow from investing Activities for the period ended Sep,2006	478.09
Net Cash flow from Financing Activities for the period ended Sep ,2006	38.29

5. COMPANY HAS, FOR THE PERIOD ENDED 30TH SEPT, 2006 THE FOLLOWING UNSECURED LOANS RECALLABLE BY THE LENDERS AT ANY TIME ON DEMAND.

Name of the lender	(Rs in lacs)
Deposits from Directors	29.01
Deposits from others	71.16

Any unsecured loan taken by the company may increase the level of risk for the company as the repayment period is not fixed and any time can be called by the lender. The consequence of which may lead to marginally effect in cash flows

6. RESTRICTIVE COVENANTS IN AGREEMENTS.

There are restrictive covenants in the agreements for short term and long term borrowings from Banks, among other things, which require the company to obtain prior approvals of these Banks or provide restrictions, namely declaring dividends at any time while the company is in default. The Company cannot assure the shareholders that its lenders will provide it with these approvals in the future.For further details please refer to page no [.] of this draft prospectus

Management perception: Though these covenants are restrictive to some extent to the company however it ensures financial discipline, which would help the company in the long run to improve its financial performance.

7. SKIILED LABOUR & INCREASED LEVEL OF COMPENSATION.

Company's sustained growth depends upon ability to attract and retain talented professionals & skilled manpower. The employee compensation levels in India are increasing at a level significantly ahead of growth rate in revenues. Its failure to attract & retain them could adversely affect growth strategy.

Management perception : At present Company's working conditions & salary structure are in line with industry norms and hence they do not foresee any difficulty in attracting and retaining high caliber personnel Also this reduction in margin is managed partly by improving quality value of product/services, lower cost/time overruns in projects and reduction in other costs. But in the medium and long term this factor may inhibit growth and /or reduce margins.

8. COMPANY IS RAPIDLY GROWING AND MAY REQUIRE FURTHER EQUITY ISSUANCE TO SATISFY CAPITAL NEEDS ANY FUTURE EQUITY OFFERINGS BY THEM MAY LEAD TO DILUTION OF SHAREHOLDING OR MAY AFFECT THE MARKET PRICE OF EQUITY SHARES.

Management perception: The major part of capital requirements of the proposed expansion is being raised through this FPO and balance through Debt & Internal Cash accruals. In the near future, there are no plans to issue further equity shares. In case the company decides to raise additional funds through the issuance of Equity, the same would be done for further value creation for the shareholders of the company and after taking necessary shareholders approvals.

9. COMPANY HAS DECLARED DIVIDEND ONLY FOR THE FINANCIAL YEAR 2006 OUT OF PRECEEDING FIVE YEARS

Management perception: Foreseeing the future plans and expansion program Company has decided to plough back its profit in the past.

10. LOSSES BY THE PROMOTER/GROUP/ASSOCIATE COMPANY

Promoter Group Company	Financial Year - (Rs in lacs)		
	2005-2006	2004-2005	2003-2004
	Profit / (loss)after tax	Profit /(loss) after tax	Profit /(loss) after tax
Panax Appliances Pvt. Ltd.	10.76	1.32	(13.77)
Shaily-IDC(India) Pvt Ltd	(0.06)	1.73	(2.28)
Stallion Textile Limited	(0.02)	(0.02)	(0.02)
Sunido Textile Limited	(0.02)	(0.05)	(0.04)
Stanford Leasing and Finance Limited	(0.02)	(0.05)	(0.035)

11. DEPLOYMENT OF FUNDS PENDING UTILISATION

Pending utilisation of funds, the investor may incur opportunity cost for its funds.

Management perception: Pending utilization in the project, the proceeds of the issue will be invested in non productive assets such as Banks Deposits .The deployment may not result in adequate return for the Company. Such investments would be made in accordance with investment policies or investment limits approved by Board of Directors from time to time.

12. NO TRADING IN THE EQUITY SHARES OF THE COMPANY.

The shares of the Company are listed on The Bombay Stock Exchange Limited. However, there is no trading in the shares of the Company since the year 1996

13. COMPANY HAS NOT REGISTERED THE LOGO OF THE COMPANY

The company has not registered their logo and they do not have registered trademark, nor has any application been made to Registrar. Company operates in a competitive environment, where generating brand recognition will be a significant element of the business strategy of the company. If the company fails to successfully obtain or enforce the trade mark rights with respect to the logo of the company, Company may need to change the logo. Any such change could require the company to incur additional cost and may adversely impact the business, financial and result of the operation of the company.

14. **THE PREMISES ON WHICH THE REGISTERED OFFICE OF THE COMPANY IS SITUTATED, IS ON LEASE BASIS.**

    Management perception: The Lease agreement is for a period of one year which will be renewable for a further period of one year. Further company does not foresee any difficulty to renew the same as the property is owned by Shah Kanji Raichand & Co. where Mr Jayesh Shah (Director of Shaily Engineering Plastics Limited) is a partner.

15. **CONTINGENT LIABILITY NOT PROVIDED.**

Company has not provided any provisions for the following Contingent liabilities for the period ended as on 30th September 2006 and in case contingent liability materialize it may have an adverse impact on Company's Finance performance

Particulars	**Amount (Rs)**
a) Corporate Guarantees outstanding	678,311
b) Disputed Sales Tax under appeal	3,301,149

A. EXTERNAL RISK FACTORS

1. **GROWING COMPETITION MAY ADVERSELY AFFECT THE OPERATIONS OF THE COMPANY.**

   Company operates in a globally competitive business environment. Company face significant competition from countries such as China, which also have cheap labour and significant production capacities, Company may also face competition from other established companies and future entrants into the industry. The growing competition may force company to reduce the revenues and margins and /or decrease the market share, either of which could adversely affect the business, financial conditions and results of the operations.

2. **PERFORMANCE OF THE COMPANY IS LINKED TO THE STABILITY OF POLCIES AND THE POLITICAL SITUATION IN INDIA.**

   The role of the central and state government in the Indian economy on producers, consumers and regulators has remained significant over the years. Since 1991, the Government of India has pursued policies of economic liberlisation, including significantly relaxing restriction on the private sector. The present Government of India, which was formed in 2004, consists of a coalition of political parties. The withdraw of one or more of these parties from a coalition government can result in political instability. Any political instability could delay the reform of the Indian economy and could have a material adverse effect on the market of the Company shares. Company cannot assure that these policies will continue under the newly elected government .protests against privatization could slow down the pace of liberalization and deregulations. The rate of economic slow liberalisation could change, and specific laws and policies affecting companies in the Plastic sector. Foreign investment, currency exchange rates and other matters affecting investment in securities of the company could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect the business of the company.

3. **NATURAL CALAMITIES COULD HAVE A NEGATIVE IMPACT ON THE GLOBAL ECONOMY AND CAUSE THE BUSINESS TO SUFFER.**

   India and other countries of the world have experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. The extent and severity of these natural disasters has an impact on the Global economy. Any negative impact of natural disasters on the Global economy could adversely affect the business and the market price of the Equity Shares.

4. SENSITIVITY TO THE ECONOMY AND EXTRANEOUS FACTORS

The Company's performance is highly correlated to the performance of the economy and the financial markets. The health of the economy and the financial markets in turn depends on the domestic economic growth, state of the global economy and business and consumer confidence, among other factors. Any event disturbing the dynamic balance of these diverse factors would directly or indirectly affect the performance of the Company.

5. ENVIRONMENTAL LAWS & REGULATIONS

Failure to comply with environmental laws and regulations could result in litigation and the company business may be adversely affected. Company may incur substantial expense in complying with environmental laws and regulations. Also, currently unknown environmental problems or conditions may be discovered. Company is also subject to significant national and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from the company operations. Environmental laws and regulations in India have been increasing in stringency and it is possible that they will become significantly more stringent in the future.

6. CHANGES IN THE DOMESTIC TAX LAWS.

Any changes in the tax laws in India particularly income tax might lead to increased Tax Liability of the Company thereby putting pressures on profitability.

7. POST IPO VOLATILITY OF THE SCRIPT

The price of the equity shares may fluctuate after this issue. There can be no assurance that an active trading market for the company's equity shares will develop or be sustained after this issue , or that the price at which the equity shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this issue .The trading price of the equity shares may fluctuate after this issue due to a wide variety of factors including financial performance, competitive conditions, volatility in the stock markets and perceptions about the company and about investments in the Plastic Industry.

8. There is no standard methodology or accounting practices in the Plastic industry. The current valuations may not be sustainable in the future and may also not reflect the future valuation of the Industry.

Notes to the Risk Factors:

1. Pre-Issue Net worth of the Company as on 31st March 2006 is Rs.1219.42 Lakhs and as on 30th September, 2006 is Rs 1330.61 lakhs. The Book Value/ NAV per share as on 31st March 2006 are Rs 20.96 and as on 30th September, 2006 is Rs 22.87.

2. The Investors are advised to refer to the section on "Basis of Issue Price" on page number **[•]** before making an investment in this issue.

3. Size of the present Issue - Public issue of [.] Equity shares of Rs 10/- each for cash at a premium of Rs}.} per shares (i.e. at a price of Rs [.] per share) aggregating to Rs 2400 lacs. *The Company is considering a Pre-FPO Placement (Preferential Allotment) of up to [.]Equity Shares with certain investors ("Pre-FPO Placement") (Preferential Allotment). The Company will complete the issuance, if any, of such Equity Shares prior to the completion of this Issue. If the Pre-FPO Placement(Preferential Allotment) is completed the number of Equity Shares issued pursuant to the Pre-FPO Placement will be reduced from the Net Issue, subject to a minimum Issue size of 25% of the post Issue capital.

4. Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with Bombay Stock Exchange Limited the Designated Stock Exchange.

5. The average cost of acquisition of existing shares of the promoters is as under:

Name of the Promoter	**Average Cost of Acquisition Per Equity Share (in Rs.)**
Mr Mahendra Sanghvi	10.099
Mr Laxman Sanghvi	10.049
Mrs Tilottama Sanghvi	10.072

6. For any complaint/ clarification/ information pertaining to the Issue, the investors may contact the Lead Manager or the Compliance Officer who will be obliged to attend to the same.

7. The Lead Manager and the Company shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.

9. For Related Party Transaction, please refer to the section entitled "Related Party Transaction" on page no [•]

10. For details in relation to loans and advances, please refer to page [.] of this Draft Prospectus.

11. Investors are advised to refer to the paragraph on "Basis of Issue Price" on page [.] of this Draft Prospectus before making an investment in this Issue.

SECTION II: INTRODUCTION

1. SUMMARY

(i) SUMMARY OF THE INDUSTRY AND BUSINESS OF THE COMPANY

*Investors should read the following summary with the risk factors beginning from page number **[•]** of this Draft Prospectus and detailed information about company and financial statements beginning from page no **[•]** and page no **[•]** appearing in this Draft Prospectus.*

PLASTIC INDUSTRY

The Plastic Sector is a growing industry in India. The demand for most plastic products in India has increased at double-digit growth rate during the last decade. The consumption of plastic products in India tends to increase significantly in the years when there is significant increase in polymer availability. Notably, beyond 1999, when there was abundant availability of raw polymer resin domestically, the plastic industry year-on-year growth rate correlated well with the corresponding GDP growth rate. Overall, the key demand determinants for plastics in a country are per capita income, availability of plastics, cultural factors, and the level of environmental concerns.

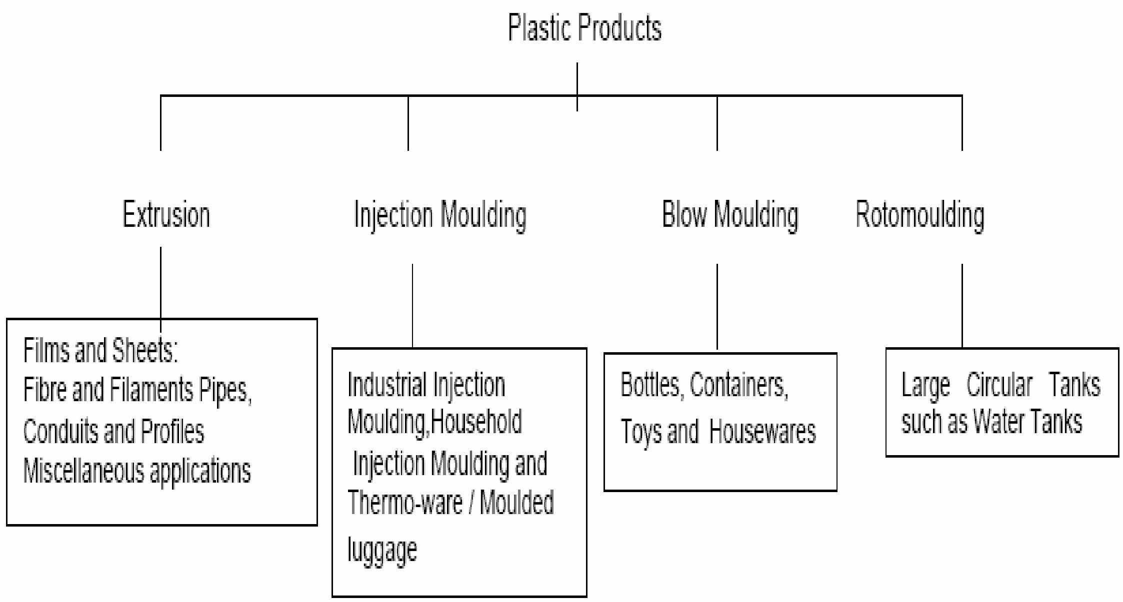
Consumption of plastics in India is modest compared to developed countries. Although per capita consumption of plastics in India has risen from 0.96 kg in 1995-96 to about 4.1 kg in 2004-05, it is still way below the world average of 20 kg. One of the reasons for this is that an overwhelming share of the consumption (over 80%) is accounted for by commodity plastics which are mainly used in the making of low-value household articles, pipes, moulded extruded sheets etc. The per capita plastics consumption, which is currently at 4.1 kg, is projected to go up to 8 kg by the year 2007. On the basis of the large Indian population and growth rate of Indian GDP, by the year 2010 India is projected to become the world's third largest consumer of plastics after US and China from its current eighth position.

On the basis of value added, the plastic products sector contributes to around 0.5% of GDP of the country. The plastic products sector also provides for 1% of the country's export. There is a presence of the small scale companies in the industry which account for more than 50% of the industry turnover. The Indian plastic processing Industry is highly fragmented and comprises 25000 firms with more than 400000 employees. Barring 10-15% of the firms, which can be classified as medium-scale operations, all the other units operate on a small scale basis. The top 100 players accounts for just 20% of the industry turnover. However, the degree of fragmentation, worldwide, is large and despite the small size of operations they are able to operate profitably. Further the high growth in demand ensures that the market is able to absorb the excess capacity in quick times. Overall, the degree of competition can be considered high in the Indian Plastic processing industry.

The sector has a significant presence of the unorganised sector, which accounts for more than 70% of the industry turnover. More than 95% of the firms in the industry are either partnership, proprietorship or private limited companies. Further, these small companies get significant advantages in taxes. These firms, thus, provide significant level of competition to the organized sector companies, which combined together are making losses. The organised sector companies, thus, need to build up significant brand image to survive against the competition from the unorganised sector.

(Source: ICRA Industry Report, June 2005)

Classification of Plastic Products by Type of Process Used



The polymer consumption in India according to various processes is provided as follows:-

%

Process	Share in Total Consumption in India	Share in Total Consumption in USA, a mature market
Extrusion	75.6	72.8
Injection Moulding	18.0	18.3
Blow Moulding	5.1	8.7
Rotomoulding	1.3	1.2
Total ('000 tonnes)	4,070	22,800

Compiled by INGRES

Application of Plastic:-

Packaging

Plastic packaging (including flexible film and rigid containers) conveys the image of high quality, freshness and convenience. It is more cost effective than any other packaging material and is the largest single market for plastic resin consumption (packaging uses more than 40% of all plastics produced). Unstable resin prices (increase being as high as 70% in some cases) have not slowed growth or stopped consumers from demanding the benefits of plastic packaging which include clarity, toughness and seal strength.

Currently plastic dominates the food packaging market and 50% of all food packaging is made from plastics. Consumers continue to favour the quality, convenience, and shelf life benefits of plastics in food packaging. Technological improvements are likely to assure that this trend continues.

(Source: - http://icra.in)

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

(Source:-http://www.indianplasticportal.com)

Injection moulding sector continues to grow well mainly because of good growth in the automotive sector, coupled with good opportunities in consumer products due to a rise in surplus available with middle class Indian families. India is increasingly becoming a preferred source for auto parts that including plastic moulded parts. PET bottles continue to grow at almost 15%.

(Source:-http://www.plastemart.com)

BUSINESS OVERVIEW

ABOUT THE COMPANY & ITS BUSINESS

Shaily Engineering Plastics Ltd. (SEPL) was formerly called Anmol Trading Company Ltd. (ATCL). Anmol Trading Company limited was incorporated on 18th April 1980 and obtained certificate of commencement of business on 24th April 1980 .Company obtained fresh certificate of incorporation on change of name to Shaily Engineering Plastics Limited on 15th January 2003.

In the year 1995 Shaily Group Holdings Pvt Ltd (SGHPL), Enplas Management Consultants Private Limited (EMCPL), Mr Mahendra Sanghvi, Mr Laxman Sanghvi and Mrs Tilottama Sanghvi have acquired 30,000 Equity shares of Anmol Trading Company Ltd at a negotiated price of Rs 19.50 through MOU dated 9th March , 1995, entered into with Paragon Group Comprising of various companies, firms and individuals holding controlling stake of Anmol Trading Company Limited thereby acquiring 60% of the paid up capital of Anmol Trading Company limited.

In compliance with SEBI Regulation on substantial acquisition of shares and takeovers, 1994, EMCPL (on behalf of Acquirers) made an open offer for purchase of 10,000 equity shares representing 20% of the voting capital of Anmol Trading company limited at a price of Rs 39 per share i.e. to the equity shareholders of ATCL in the year 1997.the offer opened on January , 27 1997 and closed on February 24, 1997.The Company did not receive any offers from the shareholders, thus receiving nil shares in the open offer.

Shaily Engineering Plastics Ltd. (SEP),Shaily Plastic Finishing Ltd.(SPFL),Shaily Technologies Pvt. Ltd. (STPL) , Shaily Group Holdings Pvt. Ltd. (SGHPL), Enplas Management Consultants Pvt. Ltd. (Enplas),RT Shaily India Pvt. Ltd. (RTSIPL) & Mahendra Sanghvi Investments Pvt. Ltd. (MSIPL) were merged into the company wef 1st April 2001 . The approval of the Honorable High Courts of Mumbai & Gujarat was obtained on 18th November 2002 & 14th August 2002 respectively, for the same.

Shaily Engineering Plastics Limited operates in the industrial and precision segment of the engineering plastic industry. It caters to a wide range of industries like, switchgear components, auto components, medical equipment, electronics and domestic appliances, power tools and packaging of high-end consumer durables.

Shaily Engineering Plastics Limited manufactures precision injection moulded plastic components, sub-assemblies, moulds and dies for various Original Equipment customers.

At present spread over its Halol, Rania, Finishing & EOU plants, Company has **43** injection moulding machines of varying capacities with facilities for thermoplastic / thermoset / DMC injection moulding. The Company also has facilities for pad printing, vacuum metallsing , painting , sonic welding, high-speed printing, hot foiling, hot stamping , assembly, etc which add value to the plastic components produced by the company The Company also has a fully equipped tool room at its Halol / Rania plants which is primarily responsible for maintenance of moulds and also has capacity to manufacture @ 20 moulds per year .

Company has obtained following quality certifications, which are valid till 13th May 2007 for all its three plants

- ISO TS 16949 / 2002 which is the latest quality certification and adopted by American , European & Japanese automakers and is slated to replace QS 9000 by 2005 and would be future standard for all quality certifications .
- ISO 9001 : 2001 including design .

In addition Company has also obtained UL (underwriting laboratory) approval for manufacture of parts for specific customers at its Rania plant.

Company supplies only to Original Equipment manufacturers(OEM) customers who are known to be extremely demanding in terms of quality & deliveries.

Major customers of Company include

1. Procter & Gamble
2. Hindustan Lever Ltd through its contract manufacturer's viz. Aeropharma / Bharat Cosmetics.
3. IKEA Trading Pvt. Ltd.
4. Siemens Ltd
5. Secure Meters Ltd
6. ABB Ltd.
7. General Electric Company and its subsidiaries viz., GE Appliances.
8. Emerson Electric Company and its various subsidiariesviz. Copeland USA , Therm-O-Disc USA.

COMPETITIVE STRENGTHS:

1) TECHNICAL COMPETENCE

Company's core strength is its technical competence an ability to provide total, innovative and cost effective solutions to its customers.

2) INFRASTRUCTURE

Company has all the necessary facilities/infrastructure required to offer a whole spectrum of services to the customer under one roof.

- Product design
- Mould manufacture
- Mould design
- Component manufacture
- Various post moulding & assembly facilities under one roof

3) PROFFESSIONAL MANAGMENT

The Company is managed by a professional team with relevant past experience. The Management team is supported by Board of Directors who are qualified and having experience in the Plastic Industry

4) STRONG CUSTOMER RELATIONSHIP

The Company has a track record of timely deliveries of product to their customers, which enable the company to maintain the relationship with each of its existing clients and enhance its client base. The company's technical team works closely with the customers technical team in understanding the customers requirements and developing solutions for the customers.

5) CAPABLE TO CATER TO MULTIPLE & COMPLEX ORDERS

Large orders require capabilities to manage large workforce, complex sourcing, production planning and ability to ensure timely delivery to the customer. The company has developed the expertise of the same.

(ii) SUMMARY FINANCIAL, OPERATING AND OTHER DATA:

Summary of Financial Data under Indian GAAP

The Following summary on Financial data has been prepared in accordance with the Companies Act and the SEBI Guidelines and restated as described in the Auditors Report of M/s Shah Sanghvi & Company ,Chartered Accountants, dated 30/10/2006 titled " Financial information of the Company" Investor are requested to read this financial data in conjunction with the Company financial Statements for each of Fiscal 2002,2003,2004,2005, 2006 and for the half year ended 30th September 2006 includes notes thereto and the Reports thereon, which appear on page **[.]** under the Sub heading "Auditors Report" in this Draft Prospectus and " Management Discussion and Analysis of Financial Condition and Result of operations as reflected in the financial statements" on page **[.]** of this Draft Prospectus.

STATEMENT OF PROFITS & LOSSES AS RESTATED

(Rs.in Lacs)

Particulars	**Year Ended 31st March 2002**	**Year Ended 31st March 2003**	**Year Ended 31st March 2004**	**Year Ended 31st March 2005**	**Year Ended 31st March 2006**	**Half Year Ended 30th September 2006**
INCOME						
Gross Sales:	2772. 66	2978.37	2695.52	3282.93	4207. 30	2344.49
Less : Excise	334.47	324.26	329.77	376.56	444.70	246.53
Of products manufactured by the Company (net of Excise duty)	2,438.18	2,654.11	2,365.74	2,906.37	3,762.60	2097.96
Of products traded in by the Company	-	-	-	-	-	
Sub-total	2,438.18	2,654.11	2,365.74	2,906.37	3,762.60	2,097.96
Other Income	14.72	14.07	27.28	6.24	28.88	11.64
Increase/Decrease in Stock	54.79	-22.85	0.80	33.85	-7.39	36.48
Total	2,507.70	2,645.33	2,393.83	2,946.46	3,784.09	2,146.08
EXPENDITURE						
Purchase of goods traded	-	-	-	-	-	-
Raw materials Consumed	999.33	1,011.65	1,020.55	1,403.14	1,783.32	1123.77
Staff Costs	277.27	340.57	309.80	381.35	473.97	250.54
Other Manufacturing expenses	482.17	470.25	433.23	448.80	503.23	252.71
Administration expenses	101.74	123.44	130.05	135.40	158.08	76.63
Selling & Distribution expenses	94.38	133.78	88.61	100.97	156.98	71.22
Loss on Sale of Investments	-	-	-	-	-	
(Write back)/Provision for diminution in value of investments			-			
Interest	222.51	179.13	127.60	97.46	157.06	92.39
Total Expenditure	2,177.40	2,258.82	2,109.84	2,567.14	3,232.63	1,867.25

Less: cost capitalised	-	-	-	-	-	-
Total operating expenses	2,177.40	2,258.82	2,109.84	2,567.14	3,232.63	1,867.25
Profit before depreciation, doubtful advances & extraordinary items	**330.30**	**386.52**	**283.99**	**379.33**	**551.46**	**278.83**
Gross Depreciation -on Original cost	325.41	304.53	268.71	276.26	285.93	151.06
-on Revalued Cost	-	-	-	-	-	
Less: Transfer from Revaluation reserve	-	-	-	-	-	
Net Depreciation	325.41	304.53	268.71	276.26	285.93	151.06
Provision for Doubtful advances (net)	-	-	-			
Net adjusted profit/ (loss) before extraordinary items	**4.89**	**81.99**	**15.28**	**103.06**	**265.52**	**127.77**
Add: Extraordinary items	(1.92)	(0.41)	(1.30)	(0.31)	(1.06)	
Net adjusted profit/ (loss) after extraordinary items	**2.97**	**81.58**	**13.98**	**102.75**	**264.47**	**127.77**
Less: Provision for current tax (including Wealth tax)	0.25	6.25	1.20	8.20		16.00
Less: Provision for deferred tax (net)				-9.42	82.20	2.57
Less: Fringe Benefit Tax					5.71	2.85
Less: Tax Provision for earlier years		4.55	0.75		-	
Effect of adjustments on tax	-					
Net profit/ (loss) after taxation & adjustments	**2.72**	**70.78**	**12.03**	**103.97**	**176.56**	**106.34**

RESTATED SUMMARY OF ASSETS AND LIABILITIES

(Rs.in Lacs)

Particulars	**As at 31st March 2002**	**As at 31st March 2003**	**As at 31st March 2004**	**As at 31st March 2005**	**As at 31st March 2006**	**As at 30th September 2006**
A. FIXED ASSETS:						
(i) Gross Block	3,426.24	3,472.33	3,481.32	3,765.01	4,057.00	4549.09
Less: Accumulated depreciation	1,469.91	1,774.44	2,019.01	2,284.96	2,503.77	2654.83
Net Block	1,956.33	1,697.90	1,462.31	1,480.06	1,553.23	1,894.26
Less: Revaluation Reserve	-	-	-	-	-	-
	1,956.33	1,697.90	1,462.31	1,480.06	1,553.23	1,894.26
(ii)Capital work in Progress	-	-	-	-	7.22	-
Net Block after adjustment	1,956.33	1,697.90	1,462.31	1,480.06	1,560.45	1,894.26
B. Investments	82.29	80.56	80.56	80.56	80.56	80.56
C. Current Assets , Loans & Advances:						
Inventories	283.26	306.72	280.35	371.30	411.48	529.08
Sundry Debtors	367.51	590.01	634.92	881.03	1,419.43	1649.92
Cash & Bank Balances	87.26	55.69	24.93	55.09	91.04	140.62
Loans & Advances	160.51	172.23	170.87	197.50	283.94	350.02
Other Current Assets	-	-	-	-	-	-
	898.54	**1,124.64**	**1,111.07**	**1,504.93**	**2,205.89**	**2,669.64**
A+B+C	2,937.16	2,903.10	2,653.94	3,065.55	3,846.90	4,644.46
D. Less :Liabilities & Provisions:						
Secured Loans	1,040.03	768.70	623.04	767.30	1,551.29	1689.54
Unsecured Loans	478.33	575.84	590.83	577.40	446.48	401.02
Net Deferred Tax liabilities	0.00	0.00	0.00	-9.42	72.78	75.35
Current Liabilities	344.98	425.42	285.49	528.96	442.00	1068.45
Provisions	73.86	100.53	96.78	67.17	114.93	79.48
	1,937.20	1,870.50	1,596.15	1,931.40	2,627.48	3,313.85
Net worth (A+B+C - D)	**999.96**	**1,032.60**	**1,057.80**	**1,134.15**	**1,219.42**	**1,330.61**
Represented By:						
(i) Share Capital	676.06	676.06	676.06	633.26	581.86	581.86
Reserves & Surplus	341.89	412.67	424.70	528.67	652.15	758.49
Less: Revaluation Reserve	-	-	-	-	-	-
(ii) Reserves (net of Revaluation Reserve)	341.89	412.67	424.70	528.67	652.15	758.49
Less: Misc. Expenditure (to the extent not written off/adjusted)	17.99	56.13	42.96	27.78	14.59	9.74
Networth (i+ ii - iii)	**999.96**	**1,032.60**	**1,057.80**	**1,134.15**	**1,219.42**	**1,330.61**

THE ISSUE

Particulars	Number of Equity Shares
Fresh Issue through this Draft Prospectus	[.] Equity Shares of Rs.10/- each for cash at a Premium of Rs [.] per Equity Share.
As per SEBI Guidelines, a minimum of 50% of the net offer to the public is reserved for Retail portion	At least [.] Equity Shares (Allocation on proportionate Basis)
As per SEBI Guidelines, a maximum of 50% to Non Institutional Retail portion	Not more than [.] Equity shares (Allocation on proportionate basis)
Equity Shares outstanding prior to the Issue	58, 18,610 Equity Shares of Rs 10/- each.
Equity Shares outstanding after the Issue	**[.]** Equity Shares of Rs 10/- each.

*The Company is considering a Pre-FPO Placement (Preferential Allotment) of up to [.] Equity Shares with certain investors .The Company will complete the issuance, if any, of such Equity Shares prior to the completion of this Issue. If the Pre-FPO Placement(Preferential Allotment) is completed the number of Equity Shares issued pursuant to the Pre-FPO Placement will be reduced from the Net Issue, subject to a minimum Issue size of 25% of the post issue capital.

ISSUE PROGRAM

Issue Opens On	**[.]**
Issue Closes On	**[.]**

2. GENERAL INFORMATION :

SHAILY ENGINEERING PLASTICS LIMITED
Formerly know as Anmol Trading Company Limited (ATCL).

(Anmol Trading Company limited (ATCL) was incorporated on 18th April ,1980 under the Companies Act,1956 vide registration no 11-22531 and obtained certificate of commencement of business on 24th April 1980.The name of the Company was subsequently changed to Shaily Engineering Plastics limited vide fresh Certificate of incorporation no 11-22531 dated 15th January 2003.

Registered Office: 51, Dariyasthan Street, Vadgadi, Mumbai- 400 003. (At the time of incorporation, the registered office of the company was situated at 1004 Raheja Center , 214 Backbay Reclamation , Nariman Point , Mumbai 400021 which was then shifted to Hamam House , Ambalal Doshi Marg , Mumbai 400023w.e.f 19th December 1980 and thereafter w.e.f. 10th March 2005 the Registered Office of the company is shifted to the present address

Correspondence Office: 8, J. P. Nagar, Old Padra Road, Baroda, Gujarat – 390 015
Tel: +91-265-2330674**; Fax:** +91-265- 2332723;
E-mail: **ipo@shaily.com** **Website**: www.shaily.com

Head office : Survey # 364 / 366, At Post Rania, Ta. Savli, Dist. Baroda 391780

Compliance officer & Contact person: Mr. Sanjay Shah Vice President – Finance and Compliance Officer, **Tel No**: + 91 2667 244348 / 244307, **Fax No:** + 91 2667 244372, **Email ID**: ipo@shaily.com.

Registered with Registrar of Companies: Hakoba Mill Compound, Kalachowky, Dattaram Lad Marg, Mumbai 400033

AUTHORITY FOR THE ISSUE:

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of equity shares has been authorized vide Special Resolution passed at the Annual General Meeting of the Company held on 29th May 2006 and a resolution passed by the Board of Directors at its meeting held on 27th April 2006.

BOARD OF DIRECTORS:

The company's Board consists of 10 Directors, Details as on 30th September, 2006 is as under:

Name	Designation	Status
Mr. Hasmukh Shantilal Shah	Chairman	Non Executive and Independent Director
Mr. Mahendra Bhogilal Sanghvi	Managing Director	Executive & Non Independent Director
Mrs. Tilottama Mahendra Sanghvi	Wholetime Director	Executive & Non Independent Director
Mr. Laxman Bhogilal Sanghvi	Executive Director	Executive & Non Independent Director
Mr. Bharat Bhogilal Sanghvi	Director	Non Executive & Non Independent Director
Mr. Jayesh Mohanlal Shah	Director	Non Executive & Non Independent Director
Mr. Nilesh Bansilal Mehta	Director	Non Executive and Independent Director
Mr. A.S.Anand Kumar	Director	Non Executive and Independent Director
Mr. Vinayak B.Buch	Director	Non Executive and Independent Director
Mr Sarup Chowdhary	Director	Non Executive and Independent Director

BRIEF DETAILS OF THE CHAIRMAN, MANAGING DIRECTOR, WHOLE TIME DIRECTORS

For details refer to the section titled "Management-Brief Profile of the Directors" on page no. [●] of this Draft Prospectus.

ISSUE MANAGEMENT TEAM

COMPANY SECRETARY

The Company is in the process of selecting a company secretary and undertakes to appoint one prior to filing the final offer document with SEBI.

LEGAL ADVISORS TO THE ISSUE

Mrs. Swati Soparkar – Advocates
204 Akansha
Opp Vadilal House
Near Mt Carmel Railway Crossing
Navrangpura
Ahmedabad - 380009
Tel No: + 91 79 26430707 / 26404245
Fax No: + 91 79 26563214
Email: soparkarad1@sancharnet.in

BANKERS TO THE COMPANY

STATE BANK OF INDIA
Industrial Finance Branch
Marble Arch
Race Course Circle
Baroda 390007
Tel No: + 91 265 2313005 / 2312093
Fax No.:+ 91 265 2313210
Email: sbiifb@iqara.net

COMPLIANCE OFFICER

Mr. Sanjay Shah – Vice President – Finance
Survey # 366, At Post Rania, Ta. Savli ,
Dist. Baroda 391780.
Tel No: + 91 2667 244348 / 244307
Fax No: + 91 2667 244372
Email :finance@shaily.com

Investors can contact the Compliance Officer in case of any pre- Issue or post- Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

LEAD MANAGER TO THE ISSUE

CENTRUM CAPITAL LIMITED
SEBI Regn No. INM000010445
UIN No. 100016915
Khetan Bhavan, 5th Floor,
198, J Tata Road, Churchgate,
Mumbai: 400 020.
Tel: +91–22– 2208 3838
Fax: +91–22– 2204 6096
Email: shaily@centrum.com
Website: www.centrum.co.in
Contact Person: Mr. Alpesh Shah

REGISTRAR TO THE ISSUE
BIGSHARE SERVICES PVT. LTD
SEBI Regn No. INR000001385
UIN No.100003467
E-2, Ansa Industrial Estate, Saki Vihar Road,
Saki Naka, Andheri (East)
Mumbai: 400 072.
Tel: +91 – 22 – 28470744
Fax: +91 – 22 – 28475207
Website: www.bigshareonline.com
Email: bigshare@bom7.vsnl.net.in
Contact Person: Mr N.V.K.Mohan

BANKERS TO THE ISSUE
Will be appointed later

BROKERS TO THE ISSUE
All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

AUDITORS TO THE COMPANY
M/s. Shah Sanghvi & Company
Chartered Accountants
26 Haribhakti Colony
Race Course Circle
Baroda 390015
Tel No: + 91 265 2337064
Fax No: + 91 265 2354386
Email: **shah_sanghvi@sify.com**

INTER ALLOCATION OF RESPONSIBILITIES
Centrum Capital Limited is the sole Lead Manager to the Issue.

CREDIT RATING
This being a public issue of Equity Shares, there is no requirement of credit rating for this Issue.

IPO GRADING:
The Company has not opted for grading of this Issue from any credit rating agency

TRUSTEES
As this is an Issue of Equity Shares, the appointment of Trustees is not required.

MONITORING AGENCY
The Company has appointed a committee of Board of Directors who will monitor the utilisation of the issue proceeds.

APPRAISING ENTITY
The project has not been appraised by any Bank or financial Institutions.

UNDERWRITING
The Company does not propose to underwrite the issue.

2. CAPITAL STRUCTURE OF THE COMPANY

PARTICULARS	NOMINAL VALUE Rs)	TOTAL VALUE INCLUDING PREMIUM (Rs)
A. AUTHORISED CAPITAL		
1,00,00,000 Equity shares of Rs 10 each	10,00,00,000	10,00,00,000
B. ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
58,18,610 Equity shares of Rs 10 each.	5,81,86,100	5,81,86,100
C.PRESENT ISSUE TO THE PUBLIC IN TERMS OF THIS DRAFT PROSPECTUS	[•]	[•]
[•] Equity shares of Rs. 10/- each being offered at a premium of Rs. [•]per share aggregating to Rs.2400 lacs. **D. NET ISSUE TO THE PUBLIC IN TERMS OF THIS DRAFT PROSPECTUS** [•] Equity shares of Rs. 10/- each being offered at a premium of Rs. [•] per share aggregating to Rs.2400 lacs.		
E. SUBSCRIBED AND PAID UP CAPITAL AFTER THE PUBLIC ISSUE.		
[•] Equity shares of Rs. 10/- each	[•]	[•]
F.SHARE PREMIUM ACCOUNT		
Before the Public Issue		
After the Public Issue	[•]	[•]

*The Company is considering a Pre-FPO Placement (Preferential Allotment) of up to [.] Equity Shares with certain investors). The Company will complete the issuance, if any, of such Equity Shares prior to the completion of this Issue. If the Pre-FPO Placement (Preferential Allotment) is completed the number of Equity Shares issued pursuant to the Pre-FPO Placement will be reduced from the Net Issue, subject to a minimum issue size of 25% of the post Issue capital.

NOTES TO THE CAPITAL STRUCTURE:

1. CHANGES IN THE AUTHORIZED CAPITAL SINCE INCEPTION ARE AS FOLLOWS

Date	Particulars	Type of Meeting
On incorporation	Rs. 25 lacs *	-
31 Dec 2002	Increase from Rs.25 lacs to Rs.700 lacs **	AGM
21 July 2004	Increase from Rs.700 lacs to Rs.1000 lacs ***	AGM
29 May 2006	Reclassification of Authorised Share Capital ****	AGM

Note:

1. *The Authorised Share Capital (ASC) was Rs.25,00,000 at the time of Incorporation of the Company.
2. ** Consequent to scheme of amalgamation The Authorised Share Capital was increased from Rs. 25 lacs to Rs.700 lacs divided in to 60,00,000 equity shares of Rs.10 each, 7,00,000 10% cumulative redeemable preference shares of Rs.10 each and 3,00,000 6% cumulative redeemable preference shares of Rs.10 each.

3. ***The Authorised Share Capital was increased from Rs. 700 lacs to Rs.1000 lacs divided in to 60,00,000 equity shares of Rs.10 each, 7,00,000 10% cumulative redeemable preference shares of Rs.10 each, 3,00,000 6% cumulative redeemable preference shares of Rs.10 each and 30,00,000 unclassified shares of Rs.10 each.
4. ****The Authorised Share Capital of the Company is Rs.1000 lacs divided in to 1, 00, 00,000 equity shares of Rs.10 each.

2. EQUITY SHARE CAPITAL HISTORY OF THE COMPANY

Date of Allotment/ Forfeiture	Face Value (Rs.)	Issue Price (Rs.)	No. of Shares	Cumulative no. of shares	Nature of allotment	Consideration
Subscribers to Memorandum of Association	10/-	10/-	7	7		Cash
3.07.1980	10/-	10/-	49,993	50,000	Public issue	Public issue Cash
31.01.2003	10/-	10/-	5,782,510	5,832,510	Shares issued on amalgamation	Other than cash **
31.01.2003	10/-	10/-	- 13,900	5,818,610	Shares cancelled on amalgamation	*
		Total	**5,818,610**			

*** Please refer to page no. [.] of this Draft Prospects under the heading `Scheme of amalgamation.**

3. PREFERENCE SHARE CAPITAL HISTORY OF THE COMPANY.

<u>6 % CUMULATIVE REDEEMABLE PREFERENCE SHARES</u>

Date of Allotment/ Forfeiture	Face Value Rs	Issue Price Rs	No. of Shares	Cumulative no. of shares	Nature of allotment	Consideration
31st January 2003	10/-	10/-	300,000	300,000	Shares issued on amalgamation	Other than cash

<u>Note: The above shares have been redeemed on _20th July 2005 at a price of Rs 10/ share.</u>

<u>10 % CUMULATIVE REDEEMABLE PREFERENCE SHARES</u>

Date of Allotment/ Forfeiture	Face Value Rs	Issue Price Rs	No. of Shares	Cumulative no. of shares	Nature of allotment	Consideration
31st January 2003	10/-	10/-	642,000	642,000	Shares issued on amalgamation	Other than cash
TOTAL			642,000	642,000		

Note. The above shares have been redeemed on 20th July 2005 at a price of Rs 10 / share

4. STATEMENT SHOWING SHARES ISSUED FOR CONSIDEATION OTHER THAN CASH

1) **Equity capital**

Date of Issue	Person to whom shares are issued	Reason for issue	No of shares issued	Benefits accrued to the Company
31st January 03	Note 1	As per scheme of amalgamation. Consequent to High Court order	5,782,510	Note 1

2) 6 % cumulative redeemable preference shares

Date of Issue	Person to whom shares are issued	Reason for issue	No of shares issued	Benefits accrued to the Company
31st January 03	Note 1	As per scheme of amalgamation. Consequent to Honourable High Court order	300,000	Note 1

3) **10 % cumulative redeemable preference shares**

Date of Issue	Person to whom shares are issued	Reason for issue	No of shares issued	Benefits accrued to the Company
31st January 2003	Note 1	As per scheme of amalgamation. Consequent to Honourable High Court order	642,000	Note 1

Note 1: 5,782,510 equity shares of Rs 10/ each fully paid up , 300,000 6 % cumulative redeemable preference shares of Rs 10/ each fully paid up & 642,000 10 % cumulative redeemable preference shares of Rs 10/ each fully paid up allotted to shareholders of transferor companies viz. Shaily Engineering Plastics Ltd, Shaily Plastic Finishing Ltd. , Shaily Group Holdings Pvt. Ltd. & ENPLAS Management Consultants Pvt. Ltd. as per scheme of amalgamation , consequent to merger of these companies into the company pursuant to an order of the Honorable High Courts at Mumbai & Gujarat.

5. PROMOTERS HOLDING AND LOCK-IN PROVISIONS

TOTAL PROMOTERS HOLDING & LOCK IN OF PROMOTERS HOLDING

Name of promoter	Date of allotment	Mode of Acquisition	Consideration	No of shares	Face value	Issue price	% to post issue capital *	Lock in period
Promoters								
Mr Mahendra Sanghvi	04-Oct-95	Acquisition	Cash	1,000	10	19.50	[•]	3 years
	04-Oct-95	Acquisition	Cash	6,000	10	19.50	[•]	3 years
	04-Oct-95	Acquisition	Cash	500	10	19.50	[•]	3 years
	04-Oct-95	Acquisition	Cash	500	10	19.50	[•]	3 years
	04-Oct-95	Acquisition	Cash	500	10	19.50	[•]	3 years
	31-Jan-03	On Amalgamation	Other than cash	400	10	10.00	[•]	3 years
	31-Jan-03	On Amalgamation	Other than cash	1,500	10	10.00	[•]	3 years
	31-Jan-03	On Amalgamation	Other than cash	4,500	10	10.00	[•]	3 years
	31-Jan-03	On Amalgamation	Other than cash	45	10	10.00	[•]	3 years
	31-Jan-03	On Amalgamation	Other than cash	1,040	10	10.00	[•]	3 years
	31-Jan-03	On Amalgamation	Other than cash	5,720	10	10.00	[•]	3 years
	31-Jan-03	On Amalgamation	Other than cash	695	10	10.00	[•]	3 years
	31-Jan-03	On Amalgamation	Other than cash	773,550	10	10.00	[•]	3 years
	12-Dec-05	Transfer	Cash	1,000	10	10.00	[•]	3 years
	04-Nov-06	Interse promoter transfer	Cash	18,225	10	10.00	[•]	3 years
				815,175	**10**		[•]	**3 years**

Mrs. Tilottama Sanghvi	04-Oct-95	Acquisition	Cash	2,000	10	19.50	[•]	3 years
	04-Oct-95	Acquisition	Cash	3,000	10	19.50	[•]	3 years
	31-Jan-03	On Amalgamation	Other than cash	657,550	10	10.00	[•]	3 years
				662,550			[•]	**3 years**
Mr Laxman Sanghvi	04-Oct-95	Acquisition	Cash	2,500	10	19.50	[•]	3 years
	31-Jan-03	On Amalgamation	Other than cash	481,355	10	10.00	[•]	3 years
	04-Nov-06	Interse promoter transfer	Cash	5,069	10	10.00	[•]	3 years
				488,924				**3 years**

Note:

1. The Lock-in period will commence from the date of allotment of shares in this issue. The total promoter holding constituting [•] % of the post issue capital would be locked in for a period of 3 years from the date of allotment of equity shares of the proposed issue. The Promoters Mr. Mahendra Sanghvi, Mrs Tilottama Sanghvi and Mr Laxman Sanghvi have given their approval for lock in of their shareholding as specified above, vide their letter-dated 4th November 2006. All Equity Shares which are being locked in are eligible for computation of Promoters' contribution and are being locked in under clause 4.6 and 4.11.1 of the SEBI (DIP) Guidelines, 2000.

The Locked in Equity Shares held by the Promoters, as specified above, can be pledged only with banks or financial institutions as collateral security for loans granted by such banks of financial institutions, provided that the pledge of the equity shares is one of the terms of the sanction of the loan under clause 4.15.1 of the SEBI (DIP) Guidelines, 2000.

In addition of Clause 4.16 (a) of the SEBI (DIP) Guidelines 2000, the Equity Shares held by the Persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Share may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining periods and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

In terms of Clause 4.16 (b) of the SEBI (DIP) Guidelines, 2000, the Equity Shares held by the Promoters may be transferred to and amongst the Promoter Group or to new promoters or persons in control of the Company subject to continuation of the Lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

2. The securities which are subject to lock-in shall carry inscription 'non transferable' along with the duration of specified non-transferable period mentioned in the face of the security certificate.

3. **THE TEN LARGEST SHAREHOLDERS AS ON THE DATE OF FILING OF THE DRAFT PROSPECTUS WITH SEBI ARE AS FOLLOWS:**

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1	Mahendra Sanghvi	815,175	14.01
2	Jayesh Shah	682,838	11.74
3	Tilottama Sanghvi	662,550	11.39
4	Lax Nagda	489,452	8.41
5	Laxman Sanghvi	488,924	8.40
6	Bharat Sanghvi	353,584	6.08
7	Hansraj Gada	250,320	4.30
8	Swati Shah	241,660	4.15
9	Shailesh Gadhia	227,380	3.91
10	Meghraj Financial Services (I) Pvt.Ltd.	209,600	3.60
	Total	**4,421,483**	**75.99**

4. **THE TEN LARGEST SHAREHOLDERS AS ON 10 DAYS PRIOR TO THE DATE OF FILING OF THE DRAFT PROSPECTUS WITH SEBI ARE AS FOLLOWS**

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1	Mahendra Sanghvi	815,175	14.01
2	Jayesh Shah	682,838	11.74
3	Tilottama Sanghvi	662,550	11.39
4	Lax Nagda	489,452	8.41
5	Laxman Sanghvi	488,924	8.40
6	Bharat Sanghvi	353,584	6.08
7	Hansraj Gada	250,320	4.30
8	Swati Shah	241,660	4.15
9	Shailesh Gadhia	227,380	3.91
10	Meghraj Financial Services (I) Pvt .Ltd.	209,600	3.60
	Total	**4,421,483**	**75.99**

5. **THE TEN LARGEST SHAREHOLDERS TWO YEARS PRIOR TO THE DATE OF FILING OF THIS DRAFT PROSPECTUS WITH SEBI ARE AS FOLLOWS:**

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1	Mahendra Sanghvi	795,950	13.68
2	Jayesh Shah	682,838	11.74
3	Tilottama Sanghvi	662,550	11.39
4	Lax Nagda	489,452	8.41
5	Laxman Sanghvi	483,855	8.32
6	Bharat Sanghvi	353,584	6.08
8	Hansraj Gada	250,320	4.30
7	Swati Shah	241,660	4.15
9	Shailesh Gadhia	227,380	3.91

10	Meghraj Financial Services (I) Pvt .Ltd.	209,600	3.60
	Total	**4,397,189**	**75.57**

6. **THE SHAREHOLDING PATTERN OF THE PROMOTER GROUP AS ON 5th DECEMBER 2006 IS AS DETAILED BELOW**

Particulars	**Present**		**Post Issue***	
	No. of Equity Shares of Rs. 10/- each	**% of Present Capital**	**No. of Equity Shares of Rs. 10/-each**	**% of post Issue capital**
a) Promoters/Directors	1,966,649	33.80	1,966,649	[•]
b) Immediate relatives of promoter/ Director (Spouse, parent, child, brother, sister)	2,323,781	39.94	2,323,781	[•]
c) Company in which 10% or more of the share capital is held by the promoter his immediate relative firm or HUF in which the promoter or his immediate relative is a member	NIL	NIL	NIL	[•]
d) Company in which the Company mentioned in (c) above holds 10% or more of the share capital	NIL	NIL	NIL	[•]
e) HUF in which aggregate share of the promoter and his immediate relatives is equal or more than 10% of the total	NIL	NIL	NIL	[•]
TOTAL	**4,290,434**	**73.74**	**4,290,434**	[•]

PRE- ISSUE AND POST ISSUE SHAREHOLDING PATTERN

Category	Pre –issue		Post -issue	
	No of Equity shares	%	No of Equity Shares	%
A. Promoter Holding				
Indian				
Mr Mahendra Sanghvi	8,15,175	14.01	815175	[•]
MrsTilottama Sanghvi	6,62,550	11.39	662550	[•]
Mr Laxman Sanghvi	4,88,924	8.40	488924	[•]
Total	**1,966,649**	**33.80**	1,966,649	[•]
Foreign	NIL	NIL	NIL	NIL
Sub Total (A)	**19,66,649**	**33.80**	**19,66,649**	**NIL**
B. Promoter Group				
Relative & persons associated with promoter				
Mr Jayesh Shah	6,82,838	11.74	682838	**[•]**
Mr lax Nagda	5,08,702	8.74	508702	**[•]**
Mr Bharat Sanghvi	3,73,584	6.42	373584	**[•]**
Mr Amit Sanghvi	60,000	1.03	60000	**[•]**
Mrs Shaily Sanghvi	60,000	1.03	60000	**[•]**
Mr Kalpana Sanghvi	75,300	1.29	75300	**[•]**
Mr Rashmi Sanghvi	69,426	1.19	69426	**[•]**
Mr Rajen Sanghvi	73,426	1.26	73426	**[•]**
Mr Vanita Nagda	1,73,565	2.98	173565	**[•]**
Mrs Purnima Shah	1,28,440	2.21	128440	**[•]**
Mr Deep Sanghvi	35,000	0.60	35000	**[•]**
Mrs Priyanka Sanghvi	35,000	0.60	35000	**[•]**
Mr Bhogilal Sanghvi	28,000	0.48	28000	**[•]**
Mr Gunwatiben Sanghvi	7,000	0.12	7000	**[•]**
Mr Ramesh Shah	13,500	0.23	13500	**[•]**
Sub Total (B)	**2,323,781**	**39.94**	**2,323,781**	**[•]**
Total promoter & promoter group (A) + (B)	4,290,430	73.74	4,290,430	[•]
Public	**1,528,180**	**26.26**	[•]	[•]
Total	**5,818,610**	**100.00**	[•]	**100.00**

7. No payment, direct or indirect in the nature of discount, commission allowance or otherwise shall be made by the Issuer Company or the promoter to the persons who receive firm allotment in the issue.

8. The Company/Promoters/Directors/Lead Merchant Bankers have not entered into buyback and/ or standby arrangements or similar arrangements for purchase of Equity Shares of the Company from any person, other than as disclosed in this Draft Prospectus of the Company.

9. An oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalizing the basis of allotment.

10. Allotment shall be on a proportionate basis rounded off to the nearest integer subject to the minimum allotment being equal to the minimum application size. In case of over-subscription the proportionate allotment will be subject to the reservation for Retail Individual Investors as below:-

a) A minimum of 50% of the net offer to the public will initially be made available for allotment to retail individual investors.
b) The balance net offer to the public shall be made available for allotment to applicants other than retail individual investors.

*The Company is considering a Pre-FPO Placement (Preferential Allotment) of up to [.] Equity Shares with certain investors .The Company will complete the issuance, if any, of such Equity Shares prior to the completion of this Issue. If the Pre-FPO Placement (Preferential Allotment) is completed the number of Equity Shares issued pursuant to the Pre-FPO Placement will be reduced from the Net Issue, subject to a minimum Issue size of 25% of the post Issue capital.

11. The Securities forming part of Promoters contributions that are issued last have been locked in first.

12. In the event of oversubscription allotment will be made on proportionate basis (subject to minimum application size) as detailed under basis of allotment

13. As on date of filing of Draft Prospectus with SEBI, the issued capital of the company is fully paid up.

14. An applicant in the public category cannot make an application for a number of securities, which exceeds the said category.

15. The Promoter has not been issued Equity Shares for consideration other than cash other than set out in "Capital Structure - Notes to Capital Structure-Share Capital History of the Company".

16. The Promoters and members of the Promoter Group will not participate in this Issue.

17. The Company has not issued any Equity Shares out of revaluation reserves.

18. The Company has not availed any bridge loans against the proceeds of this Issue.

19. The Company will get the full amount of Equity Shares including premium at the stage of application.

20. As of the date of the Draft Prospectus, there are no outstanding financial instruments or warrants ,options or rights to convert debentures, preference shares, loans or other instruments into the Equity shares that would entitle the existing Promoter or Shareholders, or any other person any option to receive Equity Shares after the offering

21. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

22. The total numbers of members of the Company are 219 members as on 4th November, 2006.

23. No shares have been allotted through a public issue in the last two years nor has the Company bought back its equity shares in the last six months.

24. As per the RBI Regulations, OCBs are not allowed to participate in this Issue.

25. Any transaction in securities by the "Promoters", Promoter Group" and the immediate relatives of the Promoters during the period between the date of filing of the Draft Prospectus with the Registrar of Companies or Stock Exchanges as the case may be and date of closure of the issue shall be reported to the stock Exchanges concerned within 24 hours of the transaction.

26. No payment direct or indirect in the nature of discount, commission allowance, or otherwise shall be made either by the issuer company or the promoters to the persons who receive firm allotment in this issue.

27. The Company has not granted any options or shares of the Company under any scheme of Employee Stock Options or Employee Stock Purchase to its employees.

28. The Equity Shares will be issued and traded on the stock exchange only in dematerialised form. Hence the market lot of the equity shares is 1 (One) share.

29. As per SEBI Guidelines, A Minimum of 50% of the net offer to the public is reserved for allotment to individuals investors applying Equity Shares of or a value of not more than Rs 1,00,000. The remaining 50% of net offer to the public is reserved for individuals applying for equity shares of a value more than Rs.1,00,000 and corporate bodies/ institutions etc. Unsubscribed portion in either of these categories shall be added to other category interchangeably.

30. Subject to pre FPO placement/preferential allotment ,The company does not propose to alter the capital structure by way of split or consolidation of the denomination of the shares or the issue of shares on a preferential basis or issue of bonus or rights or further public issue of shares or any other securities within a period of six months from the date of opening of the present issue. However, if business needs of the company so require, the company may alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities whether in India or abroad during the period of six months from the date of listing of the Equity Shares issued under this Draft Prospectus or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required for such alteration

31. The Promoters including Promoter Group and Associates and Directors have purchased /Sold Equity shares of the Company, during the period of Six months preceding the date on which Draft Prospectus is filed with ROC. The details are as given as below.

Rs No	**Date**	**Promoter/Promoter Group**	**Purchased/Sold**	**No of Equity shares**	**Price per each share**
2	4th November 2006	Mahendra Sanghvi	Purchased	18,225	10/-
3	4th November 2006	Laxman Sanghvi	Purchased	5,069	10/-
4	4th November 2006	Amit Sanghvi	Sale	8,970	10/

5	4th November 2006	Shaily Sanghvi	Sale	9,255	10/
6	4th November 2006	Priyanka Sanghvi	Sale	2,449	10/
7	4th November 2006	Deep Sanghvi	Sale	2,620	10/

3. OBJECTS OF THE ISSUE

The Company proposes the Present Issue for meeting of the following objects:

Phase 1
- Setting up EOU plant at Rania complex.
- Expansion by addition of injection moulding/BMC injection moulding capacity in the company's present facilities at its Rania /finishing plant

Phase 2
- Expansion of the company's existing Rania plant
- Expansion of the EOU plant which has been set up in Phase I

Phase 3
- Set up plant for manufacture of injection moulded plastic components & sub assemblies at Uttaranchal

1. To comply with the stipulations as set out by Bombay Stock Exchange Limited vide their letter No DCS\SG\RCG\2004 dated 25th February 2004 regarding listing of 57,82,500 equity shares of the company issued pursuant to scheme of amalgamation only after company goes for offer for sale or IPO. in order to raise the non promoter shareholding to the minimum level as required under SEBI (DIP) Guidelines .
2. To list the further equity shares of the company on Bombay Stock Exchange Limited to be issued through this draft prospectus.

The main object clause of the Memorandum of Association of the Company enables to undertake the existing activities and the activities for which the funds are being raised by the Company through the present issue. Further, the Company confirm that the activities have been carrying out until now is in accordance with the objects clause of the Memorandum of Association.

FUNDS REQUIREMENT

The Company estimated phase wise funds requirement is as under

	Rupees in lacs
Phase I	664.67
Sub Total (A)	**664.67**
Phase II	
Expansion of the company's existing Rania plant	672.24
Expansion of the EOU plant which has been set up in Phase I	341.18
Sub Total (B)	**1,013.41**
Phase III	
Set up plant for manufacture of injection moulded plastic components & sub assemblies at Uttaranchal (C)	**1,386.91**
Grand Total (A +B+ C)	**3,065.00**

The project would be implemented in 3 Phases. The phase wise break up is as follows:-

Particulars	**Phase I**	**Phase II**		**Phase III**	**Total (Rs. In Lacs)**
	Set up EOU Plant at Rania Complex & expansion in present plants	**Expansion of Rania Plant**	**Expansion of EOU Plant at Raina Complex**	**Setting of Plant at Uttranchal**	
Land	0.00	0.00	0.00	160.00	160.00
Site Development	5.00	5.00	5.00	25.00	40.00
Building	90.00	136.50	102.38	136.50	465.38
Plant and Machinery					
Indigenous	58.12	35.00	25.00	100.00	218.12
Imported	380.58	214.09	85.13	559.49	1239.29
Utilities & Erection	45.00	30.00	20.00	60.00	155.00
Miscellaneous Tools & Equipment	13.10	15.00	7.50	50.00	85.60
Furniture & fixtures	18.89	15.00	6.00	25.00	64.89
Computers / Software	1.48	7.50	2.50	15.00	26.48
Vehicles	0.00	25.00	0.00	25.00	50.00
Preliminary and preoperative expenses	16.00	125.00	50.00	50.00	241.00
Provision for contingencies	0.00	24.15	12.68	80.92	117.75
Margin for working capital	36.50	40.00	25.00	100.00	201.50
TOTAL	**664.67**	**672.24**	**341.18**	**1386.91**	**3065.01**

FUNDING PLANS (MEANS OF FINANCE)

The funding plans proposed by the company are as under:

Sr. No.	**Particulars**	**Amount (Rs. In Lacs)**
1.	Public Issue of Equity Shares	2400.00
2.	Term loan from State Bank of India for phase I	485.00
3	Internal cash Accruals	130.00

4	Unsecured loans.	50.00
	Total	**3065.00**

NOTES:

The Company has received sanction letter from State Bank of India for term loan of Rs 485 lacs to part finance the expansion project. The company has already availed disbursement of the said loan .

Thus the Company has firm arrangement through verifiable means towards 75% of the stated means of finance excluding the amount to be raised through public issue.

The main object clause and objects incidental or ancillary to the main clause of the Memorandum of Association of the company enables the company to undertake the existing activity and the activities for which the funds are raised by the company.

The net proceeds of the issue , unsecured deposits , internal accruals & term loans is Rs 2900 lacs after meeting issue expense of Rs 165 lacs will be used for proposed expansion . Any shortfall will be met through company internal accruals. In case of any surplus the same will be used for business purpose.

Details Regarding Term Loans

Name of the Borrower	Shaily Engineering Plastics limited
Amount of Loan	Rs 485.00 lacs
Currency	Indian Rupees
Purpose	For the purpose of purchase of Plant and machinery and construction of Building.
Primary security	First Charge over the existing fixed Assets of the company and hypothecation of specific machinery.
Collateral security	Equitable mortgage over the Following properties i. Fixed Assets located at Plot No 707, GIDC, Halol, Panchmahals, and Gujarat. ii. Fixed Assets located at Survey No 364/1-2 (A),Rania , Taluka Savli , Baroda iii. Fixed Assets at Rania Plant other than finishing plant. iv. Plot No(s) 706 & 708, GIDC, Halol admeasuring 2001 sq meters each. v. Plot no 364/3 & 364/2, Rania, Taluka Savli, Baroda admeasuring 16449 sq mtrs. Personal Guarantee of following Directors 1) Shri Mahendra Bhogilal Sanghvi 2) Shri Laxman Bhogilal Sanghvi 3) Shri Bharat Bhogilal Sanghvi 4) Shri Jayesh Shah 5) Shri Laxmi Nagda 6) Smt Tilottama Mahendra Sanghvi.
Period of Term loan	Repayable in 20 Quarterly installments of Rs 0.24 crore each with final 20th Installments of Rs 0.29 Crore after a moratorium for 9 months from the date of initial disbursement.
Rate of interest	0.25% below SBAR i.e. minimum 10%p.a at monthly rests.(subject to change revision at Banks discretion based on the change in State Bank Advance rate and or changes in internal credit rating .
Repayment Schedule	One year moraratium and repayment schedule of 5 years.

Major Covenants of above sanctioned term loan

Sanction of term loan is subject to

1) The Company shall arrange for adequate and comprehensive insurance of the assets to cover earthquake etc
2) Unsecured deposits to be maintained at estimated levels of Rs 1.05 Crores as on 31.03.2007 and shall not be withdrawn during the currency of the term loan and shall be subordinate to bank loan .
3) Necessary permission from Development Commissioner for setting up of EOU and pollution Control approval from the respective authority.

PROJECT DETAILS:-

PHASE I SETTING UP EOU PLANT AT RANIA COMPLEX & EXPANSION OF EXISTING RANIA PLANT (RS 664.67 LACS)

Under Phase I Company had proposed:

- Setting up EOU plant at Rania complex.
- Expansion by addition of injection moulding / BMC injection moulding capacity in the company's present facilities at its Rania / finishing plant

The company has obtained orders for supply of plastic components to IKEA Trading Pvt. Ltd. which would be exported by the company to various IKEA stores worldwide. The order obtained by the company is a long term order with a written confirmation from IKEA for 2 years of complete production.

The company's bankers viz. State Bank of India, Industrial Finance Branch have sanctioned term loan of Rs 485 lacs for Phase I of the project. The overall estimated cost of Phase I is Rs 664.67 lacs.

BREAK UP OF COST OF PHASE I

Particulars	**Phase I**
	Set up EOU Plant at Rania complex & expansion in the company's present plants
Site Development	5.00
Building	90.00
Plant and machinery	
- Indigenous	58.12
- Imported	380.58
Utilities & Erection	45.00
Miscellaneous Tools & Equipment	13.10
Furniture & fixtures	18.89
Computers / Software	1.48
Preliminary and preoperative expenses	16.00
Margin for working capital	36.50
TOTAL	**664.67**

LAND

The Company has set up its new EOU plant on existing land admeasuring 4000 sq. meters owned by the company at its Rania complex

SITE DEVELOPMENT (Rs. 5.00 LACS)

The Company has already incurred expenses towards site development and total cost incurred for the same is Rs 5.00 lacs for Phase I.

Sr.No.	Site Development	Total Cost (Rs in Lacs)
1	Cost of leveling /Development	2.50
2	Cost of lying Roads	2.50
		5.00

BUILDING (RS. 90 LACS)

Description of each building	Type of construction	No. of floors	Total floor area Sq feet	Rate of construction per Sq. feet	Estimated Cost Rs in lacs
Plant building	RCC	Ground	15,000	600	90.00
Total					**90.00**

Against the estimated cost of Rs 90 lacs on Building & Rs 5 lacs on Site development the amount spent as on 14th October 2006 is Rs 127.59 lacs For which the certificate towards amount spent has been received from M/s Shah Sanghvi & Company , Chartered Accountants dated 23rd November ,2006 . The Building has already been completed.

PLANT AND MACHINERY ALREADY PURCHASED (RS 380.58 LACS)
IMPORTED MACHINERY (NEW) ALREADY PURCHASED (RS 326.92) LACS

Sr.No.	Description	Name of manufacturer	Qty. (Nos.)	US $	Amount (Rs in lacs)	F.O.B Value (Rs in lacs)	Insurance , clearances & Freight	Import Duty %	Import Duty (Rs.)	Total Amount (Rs in lacs)
1	**INJECTION MOLDING MACHINE**									
	Model # 350 T	Hwa Chin Machinery	2	90000	41.40	83.63	4.18	-	-	87.81
	Model # 250 T	Hwa Chin Machinery	1	66000	30.36	30.66	1.53	-	-	32.20
	Model # 250 AC	Hwa Chin Machinery	1	87235	40.13	40.53	2.03	0.05	2.03	44.58
	Model # 210 T	Hwa Chin Machinery	2	55000	25.3	51.11	2.56	-	-	53.66
	Model # 250 T (BMC)	Hwa Chin Machinery	1	80700	37.12	37.49	1.87	0.05	1.87	41.26
	Model # 210 T (BMC)	Hwa Chin Machinery	1	70000	32.2	32.52	1.63	0.05	1.63	35.77
2	**DEFLASHING MACHINE**	Jong Fine Machine Co. Ltd.	2	11500	5.29	10.69	0.53	0.05	0.53	11.75
3	**NYLON SHOT**	Jong Fine Machine Co. Ltd.	200	30	0.014	2.79	0.14	0.05	0.14	3.07
4	**MOULD TEMP. CONTROLLER**									
	Model # STM 120	Shini	4	1570	0.72	2.92	0.15	-	-	3.06
5	**CHILLERS**									
	Model # SIC 3A	Shini	2	3640	1.67	3.38	0.17	-	-	3.55
	Model # SIC 5A	Shini	1	4070	1.87	1.89	0.09	-	-	1.99
6	**GRINDERS**									
	Model # SC 1621H	Shini	2	2860	1.32	2.66	0.13	-	-	2.79
	Model # SC 1628H	Shini	2	3430	1.58	3.19	0.16	-	-	3.35
7	**PROPORTIONAL VALVE**									
	Model # SPV	Shini	5	860	0.40	2.00	0.10	-	-	2.10
										326.92

Note:

1. All the above Plant & machinery has been received and installed at the company's premises.
2. The Company has estimated 1 US Dollar = Rs 46.
3. Customs duties for EOU plant have been taken at 0 % while for other machineries have been taken at 5 % based on the company obtaining EPCG license.

4. The other expense includes insurance, clearance & Freight Charges etc have been calculated @ 5% of basic plant & Machinery. This is based on Company estimates.

IMPORTED SECOND HAND MACHINERY ALREADY PURCHASED (Rs 53.66 lacs)

Sr. No.	Description	Name of manufacturer	Qty. (Nos.)	US $	Amount (Rs in lacs)	F.O.B Value (Rs in lacs)	Insurance, clearances & Freight	Total Amount (Rs in lacs)	Year of manufacture	Balance estimated life
1	Model # CLF 400 T	Cheso Machinery Mfg	2	35000	16.1	32.52	1.63	34.15	2000	Over 10 years
2	Model # 450 M	Cheso Machinery Mfg	1	40000	18.4	18.58	0.93	19.51	2000	Over 10 years
								53.66		

Note:
1. The Company has estimated 1 US Dollar = Rs 46.
2. The other expense includes insurance, clearance & Freight Charges etc have been calculated @ 5% of basic plant & Machinery.
3. The company has received Chartered Engineers certificate from M/s Shinnihon Kentei (S) Pte. Ltd., Singapore, vide their report # 2006-SI-0566 dated 28th June 2006 regarding the balance estimated life of the machines.

INDEGENOUS MACHINERIES ALREADY PURCHASED – (Rs 58.12 lacs)

Sr. No.	Description	Name of manufacturer	Qty (No)	Ex. works F.O.B./ Price	Total Ex. Works	Excise Duty	Other charges	Taxes	Transport	Amount (Rs in Lacs)
1	Cooling Tower Model # 88 TR	Artech Cooling Towers Pvt. Ltd.	1	0.74	0.743		0.06	0.01	.025	0.84
2	ELGI air compressor Model # E30-7.5 191CFM	Unitrade India	1	5.54	5.54	0.9038832	0.00	0.26	.15	6.85
3	Ansara Heatless air drier Model # AHLD / 200	Ansara equipments	1	1.25	1.25	0	0.00	0.10	.025	1.38
4	EOT Crane Capacity 5 Tons	Hercules Hoists Ltd	1	6.7	6.7	1.09344	0.07	0.31	.15	8.32
5	TRIDENT	Trident	1	0.9	0.9	0	0.00	0.08	.035	1.01

	Electrostatic Liquid Cleaning Machine Model # ELC 50Ltr	Engineering								
6	SED 24 Tray Drier	Shivang Furnaces & Ovens P.Ltd.	1	0.80	0.80	0	0.03	0.07	.05	0.95
7	Automated Packing Line	Labn Machines Pvt Ltd	1	7.4	7.4			0.30	.05	7.75
8	Bag Sealing Machine	Patel Electric Works	2	0.11	0.22			0.02	.005	0.24
	Strapping Machine Model # JS 1 IMC	R K Enterprise	1	0.35	0.35	0	0.01	0.03	.015	0.40
10	Drilling Machine		1	0.5	0.5	0.08		0.02	.05	0.65
11	Bench Grinder		1	0.15	0.15	0.02		0.01	.025	0.21
12	Water Softening Plant	BT Engineers	1	0.5	0.5				.015	0.52
13	Water Circulation Pump Model # CN 125-250	Industrial Engineering Co.	2	0.80	1.60				.015	1.62
14	Hydraulic Stacker Model PES 14	Trident Corporation	1	3.23	3.23	0.53		0.15	.15	4.05
15	Hydraulic hand Pallet Truck Model # PEX- 25	Trident Corporation	2	0.13	0.26	0.04		0.01	.025	0.34
16	Grinding Sieving& powder separating Equipment		1	1	1	0.16		0.05	.025	1.23
17	Dry Blending Machine Comp. With S.S. Model # PDB - 50	Pioneer Engineering Corp.	1	0.88	0.88	0.00	0.00	0.07	.025	0.97

18	Spares for machines and auxiliaries		sets	3	3	0.49		0.14	.025	3.65
19	Assly. Fixtures		TBD	2.5	2.5	0.41		0.12	.025	3.05
20	Weighting Scale - Platform type - 150Kgs. Model # DC 851	Essae-Teraoka Ltd.	1	0.27	0.27	0.04		0.01	.01	0.34
21	Weighting Scale - Platform type - 30Kgs. Model # DC 85	Essae-Teraoka Ltd.	1	0.20	0.20	0.03		0.01	.01	0.25
22	Weighting Scale - Platform type - 3kgs Model # DC 85	Essae-Teraoka Ltd.	1	0.20	0.20	0.03		0.01	.01	0.25
23	Impact or Compression Testing Machine		3	1	3	0.49		0.14	.15	3.78
25	Hydraulic Oil for new Machine - Mobil DTE 25	P.D.Enterprise	10	0.137	1.37			0.05	.025	1.45
26	Dehumidifier	To be decided	1	6.5	6.5	1.06		0.30	.15	8.01
	Total - Plant & Machinery (Indigenous)									**58.12**

Note:
The total cost includes applicable excise duties, VAT, Central Sales Tax and other applicable charges for getting the equipment to the plant.

Against a total of Rs 380.58 lacs towards imported equipment and Rs 58.12 lacs towards indigenous equipment the company has as on 14th October 2006 spent an amount of Rs 322.90 lacs towards the same for which certificate has been received from M/s Shah Sanghvi & Company, Chartered Accountants dated 23rd November,2006

UTILTIES AND ERECTION ALREADY PURCHASED (Rs 45.00 lacs)

Rs in lacs

I. Particulars of Erection / Installation / Electrification	
/ Piping proposed to be taken place	
Particular	**Total Cost**
i) Cost of Erection and Installation	
EOU	5.00
ii) Cost of Electrification	
250KVA Transformer & electrification cost - EOU	25.00
Rania - Increase in power requirements	10.00
iii) Cost of Piping	
Electrical, water and Air - EOU	5.00
Total utilities	**45.00**

Against a total of Rs 45 lacs towards Utilities & Erection the company has as on 14th October 2006 spent an amount of Rs 25.66 lacs towards the same for which certificate has been received from M/s Shah Sanghvi & Company, Chartered Accountants dated 23rd November , 2006.

MISCELLANEOUS TOOLS AND EQUIPMENTS ALREADY PURCHASED (Rs13.10 LACS)

A : QUALITY CONTROL EQUIPMENTS ALREADY PURCAHSED (Rs 6.16 LACS)

Sr.No.	**Description**	**Name of manufacturer**	**Qty (No)**	**Ex. works F.O.B./ Price**	**Total Value (ex-works)(Rs in Lacs)**	**Taxes**	**Amount (Rs in Lacs)**
1	Wet Mopping Machine	K.C. Enterprise	1	0.25	0.25	0.01	0.25
2	Fire Extinguisher & safety Features	Ajay Sales	8	0.09	0.68	0.03	0.71
3	Digital Calipers 8" & 12 "	Navinchandra Khubchand & Co.	1	0.70	0.70	0.03	0.73
4	Digital Micrometer	Bombay Tools	1	0.12	0.12	0.00	0.12
5	Slip Gauge	Bombay Tools	1	0.89	0.89	0.04	0.93
6	Filler Gauge (Thickness)	Bombay Tools	1	0.02	0.02	0.00	0.02
7	Pin Gauge	Bombay Tools	1	0.54	0.54	0.02	0.56
8	Radius Gauge	Bombay Tools	1	0.05	0.05	0.00	0.05
9	Pitch Gauge	Bombay Tools	1	0.02	0.02	0.00	0.02
10	Height Gauge	Bombay Tools	1	0.45	0.45	0.02	0.47
11	Digital thermometer	Krystal Techno Services	1	0.02	0.02	0.00	0.02
12	Humidity Meter wet/ Dry	Shivani Traders	1	0.02	0.02	0.00	0.02
13	Push Pull Tester for 1KN to 20KN range		1	0.25	0.25	0.01	0.26
14	Bar code Reader	Intellicon	1	0.03	0.03	0.00	0.03
15	Surface Plate 1000x1000	Microflat Datums P.Ltd.	1	0.30	0.30	0.01	0.31
16	Angle Plate + V	Microflat	1	0.03	0.03	0.00	0.03

	Block	Datums P.Ltd.					
17	Surface Plate 1x1	Microflat Datums P.Ltd.	1	0.29	0.29	0.01	0.30
18	Vernier caliper	Mitutoyo	1	0.02	0.02	0.00	0.02
19	Micrometer	Mitutoyo	1	0.24	0.24	0.01	0.25
20	Pin gauge		1	0.53	0.53	0.02	0.55
21	Radius gauge		1	0.05	0.05	0.00	0.05
22	Bore gauge	Mitutoyo	1	0.05	0.05	0.00	0.05
25	Thread gauge	Mitutoyo	1	0.02	0.02	0.00	0.02
26	Dial gauge	Mitutoyo	1	0.04	0.04	0.00	0.04
27	Lever type dial gauge	Mitutoyo	1	0.08	0.08	0.00	0.08
29	Drill set (Up to 32 mm-standard)	Addition	1	0.25	0.25	0.01	0.26
	Total A						**6.16**

MISCELLANEOUS TOOLS & EQUIPMENTS ALREADY PURCHASED (Rs 6.94 LACS)

Sr. No.	**Description**	**Name of manufacturer**	**Qty**	**Ex. works F.O.B./ Price**	**Total Value (ex-works)**	**Excise Duty**	**Transport**	**Basis of Valuation (Quotation)**
1	RO Plant 2000 ppm & chiller	BT Engineers	1	1.63	1.63		0.13	1.8
2	PU Pipe 8x12	Bhaumik Trading Co.	350 Mtrs.	0.0006	0.20			0.20
3	Male Connector 12x1/4	Bhaumik Trading Co.	350 Mtrs	0.0006	0.22			0.22
4	Drum 525x360x305	Poojan Enterprise	500	0.01	3.15		0.02	3
5	Pallet - Two way non Reversible - Black 1000x1200x145	Tipco Industries Ltd.	50	0.02	0.94	0.15	0.06	1
6	Refrigerator	Jay Electricals	1	0.12	0.12		0.01	0.13
7	Air conditioning for QC lab and centralised Prod. Control office	Jay Electricals	1	0.30	0.30		0.02	0.32
		Total B						**6.94**
		Total A + B						**13.11**

Against a total of Rs 13.11 lacs towards Miscellaneous equipments the company has as on 14th October 2006 spent an amount of Rs 2.90 lacs towards the same for which certificate has been received from M/s Shah Sanghvi & Company , Chartered Accountants vide Certificate dated 23rd November , 2006.

FURNITURE AND FIXTURES ALREADY PURCHASED (Rs 18.89 LACS)

Sr.No.	Description with broad specification	Name of manufacturer	Qty (Nos)	Amount	Ex.works F.O.B./ Price	Taxes/ Transport	Amount (Rs in Lacs)
1	Office working tables, IM assembly tables, Cupboards & sample storage		1	800,000	800,000		8.00
2	White Board, Display Board	Hakim	1	8,400	8,400		0.08
3	Pigeon hole Cupboard	Packwell	3	8,400	25,200		0.25
4	Mould spares Cupboard 6x3x1.5	Packwell	2	8,000	16,000		0.16
5	Mould File rack 5x2x1.5	Packwell	1	6,000	6,000		0.06
6	Mould Racks	Jay Jalaram	4	60,000	240,000	19,700	2.60
7	Material Racks 3040x1020mm	Jay Jalaram	20	30,000	600,000	49,000	6.49
8	Mould Main. Tables 1.5x2	Jay Jalaram	1	25,000	25,000		0.25
9	Mould Inspection Table	Jay Jalaram	4	25,000	100,000		1.00
							18.89

Against a total of Rs 18.89 lacs towards Furniture & fixtures the company has as on 14th October 2006 spent an amount of Rs 3.91 lacs towards the same for which Company has received a certificate from M/s Shah Sanghvi & Company , Chartered Accountants dated 23rd November, 2006. **COMPUTER / SOFTWARE ALREADY PURCHASED (Rs 1.48 LACS)**

Sr.No.	Description	Name of manufacturer	Qty (No)	Ex. works F.O.B./ Price	Total Value (ex- works)	Taxes (@ 4%)	Basis of Valuation (Quotation)
1	IBM Think Centre 8123 KQN	DESH InfoTech Pvt. Ltd.	4	0.32	1.28	0.05	1.33
2	Printers	DESH InfoTech Pvt. Ltd.	2	0.075	0.15	0.01	0.15
							1.48

Against a total of Rs 1.48 lacs towards Computer / software the company has on 14th October 2006 spent an amount of Rs 7.79 lacs towards the same for which company has received a certificate from M/s Shah Sanghvi & Company , Chartered Accountants dated 30th October 2006.

PRELIMINARY AND PRE OPERATIVE EXPENSES (Rs 16.00 LACS)

Preliminary & preoperative expenses are estimated at Rs 16 lacs. This include Processing fees payable to Bank for term loan appraisal ,Expenses relating to setting up of EOU plant ,Stamp duty for documentation for borrowings ,Traveling expenses

Against a total of Rs 16 lacs towards Preliminary & preoperative expenses the company has as on 30th October, 2006 spent an amount of Rs 8.50 lacs towards the same for which company has received a certificate from M/s Shah Sanghvi & Company , Chartered Accountants dated 23rd November ,2006.

MARGIN FOR WORKING CAPITAL (Rs 36.50 LACS)

Current Asset	Holding (No of days)	Bank Margin	Valuation
Raw Material - Imported	60	25%	Landed cost or market price whichever is lower
Raw Material - Domestic	45	25%	Landed cost or market price whichever is lower
Stock in process	10	30%	Cost of production or selling price which ever is lower
Finished goods	14	40%	Cost of sales or selling price whichever is lower
Receivables - Domestic	90	40%	Invoice value less advance received if any
Receivables - Export	150	40%	Invoice value less advance received if any

Particulars	**Amount (Rs in lacs)**
Raw Material - Imported	98.63
Raw Material - Indigenous	213.16
Work in progress	145.21
Finished goods	203.29
Receivables - Domestic	863.01
Receivables - Export	739.73
Other current assets	388.00
Total current assets	2,651.03
Creditors	398.00
Other current liabilities	355.00
Total current liabilities	753.00
Working capital gap	1,898.03
Margin @ 25 % of current assets	662.76
Margin available	626.00
Additional margin for working capital	**36.76**

PHASE II EXPANSION OF EXISTING PLANT AND EOU PLANT AT RANIA COMPLEX (RS 1013.41 LACS)

Particulars	Rs in lacs	
	EXPANSION OF RANIA PLANT	**EXPANSION OF EOU PLANT AT RAINA COMPLEX**
Site Development	5.00	5.00
Building	136.50	102.38
Plant and Machinery		
- Indigenous	35.00	25.00
- Imported	214.09	85.13
Utilities & Erection	30.00	20.00
Miscellaneous Tools & Equipment	15.00	7.50
Furniture & fixtures	15.00	6.00
Computers / Software	7.50	2.50
Vehicles	25.00	0.00
Preliminary and preoperative expenses	125.00	50.00
Provision for contingencies	24.15	12.68
Margin for working capital	40.00	25.00
TOTAL	**672.24**	**341.18**

EXPANSION OF EXISTING RANIA PLANT AT RAINA COMPLEX (RS 672.24 LACS)

SITE DEVELOPMENT (Rs 5 LACS)

Site Development	**Total Cost Rs in lacs**
Cost of leveling/Development	
Rania	2.50
Cost of laying Roads	
Rania internal roads	2.50
	5.00

The company has the basic site developed and total estimated cost for the site development including roads, compound wall, etc is Rs 5.00 lacs for expansion of existing plant. The estimate for site development is based on the estimate from the architect named Rachna Niket who had given estimates Vide dated 30th October 2006.

FACTORY BUILDING (Rs 136.50 LACS)

The Company proposes to build 20000 sq. feet of new factory building on existing land at Rania Complex.

Description of each building	Type of construction	No. of floors	Total floor area Sq feet	Rate of construction per Sq. feet	Estimated Cost Rs in lacs
Plant building	RCC	Ground	20,000	650	**130.00**
	Architectural fees				3.25
	Sanitary fittings				**3.25**
Total Building					**136.50**

The above is based on estimates received by the company from its Architects M/s Rachna Niket vide their estimate dated 30th October 2006.

PLANT AND MACHINERY FOR WHICH QUATATION HAS BEEN RECEIVED BUT ORDER HAS NOT BEEN PLACED (Rs 214.09 LACS)

IMPORTED MACHINERIES (NEW) (RS 214.09 LACS)

Sr.No.	Description	Name of manufacturer	US $	Qty. (Nos.)	Amount (Rs in Lacs)	Insurance , clearances & Freight	Import Duty (Rs.)	Total Amount (Rs in Lacs)
1	Injection Molding Machine							
	Model # 160 T	Hwa Chin Machinery	46529	2	44.17	2.21	15.93	62.31
	Model # 125 T AC	Hwa Chin Machinery	59300	1	28.15	1.41	10.15	39.71
	Model # 80 T AC	Hwa Chin Machinery	51000	1	24.21	1.21	8.73	34.15
	Model # 160 T (BMC)	Hwa Chin Machinery	61300	1	29.10	1.46	10.50	41.05
2	Deflashing Machine	Jong Fine Machine Co. Ltd.	11 500	1	5.46	0.27	1.97	7.70
3	Nylon Shot	Jong Fine Machine Co. Ltd.	30	200	2.85	0.14	1.03	4.02
4	Mould Temp. Controller							
	Model # STM 120	Shini	1570	4	2.98	0.15	1.07	4.20
5	Chillers							
	Model # SIC 3A	Shini	3640	2	3.46	0.17	1.25	4.88
	Model # SIC 5A	Shini	4070	1	1.93	0.10	0.70	2.72
	Model # SIC	Shini	4070	1	1.93	0.10		2.03

	5A							
6	Grinders							
	Model # SC 1621H	Shini	2860	2	2.72	0.14	0.98	3.84
	Model # SC 1628H	Shini	3430	2	3.25	0.16	1.17	4.58
7	Proportional valve							
	Model # SPV		860	5	2.04	0.10	0.74	2.88
								214.09

Note:

1. The Company has estimated 1 US Dollar = Rs 47.
2. Customs duties have been estimated at 36.07 % for Rania plant .
3. The other expense includes insurance, clearance & Freight Charges etc have been calculated @ 5% of basic plant & Machinery.
4. For the above the company has received quotation from M/s Hwa Chin Machinery Manufacturing Co Ltd, Taiwan vide their quotation dated 31st October 2006

PLANT AND MACHINERY FOR WHICH NO QUATATION HAS BEEN RECEIVED NOR ORDER HAS BEEN PLACED (Rs 35.00 LACS)

INDEGENIOUS (RS 35.00 LACS)

The company would be acquiring various Plant & Machineries as under for its plant,

Sr No	Details of equipments	No
1	Cooling Tower	1
2	Air compressor	1
3	Heatless air drier	1
4	EOT Crane Capacity 5 Tons	1
5	Electrostatic Liquid Cleaning Machine	1
6	24 Tray Drier	1
7	Automated Packing Line	1
8	Bag Sealing Machine	2
9	Strapping Machine	1
10	Drilling Machine	1
11	Bench Grinder	1
12	Water Softening Plant	1
13	Water Circulation Pump Model	2
14	Hydraulic Stacker	1
15	Hydraulic hand Pallet Truck	2
16	Grinding Sieving& powder separating Equipment	1
17	Dry Blending Machine Comp. With S.S	1
18	Assly. Fixtures	
19	Weighting Scale	3
20	Dehumidifier	1

The overall estimated cost for all the above equipments is Rs 35 lacs. This is based on the experience of the company as the company has similar equipment in its plants. The exact capacity, model no and supplier would be decided prior to implementation.

UTILITIES & ERRECTION (RS 30 LACS)
The cost on utilities and erection which is estimated at Rs 30 lacs includes cost on following areas,

- Increase in power requirements from 400 KVA to 500 MVA at the company's Rania plant. The amount would include amount payable to GEB for increase in power, additional deposit payable to GEB and electrification costs.
- Piping & plumbing for water / air for Plant & machinery
- Electrification for the additional machines being installed by the company
- Erection & installation for the injection moulding machines being installed by the company.

The overall estimated cost on all of the above is estimated at Rs 30 lacs.

MISCELLANEOUS TOOLS & EQUIPMENTS (RS 15 LACS)
The company would be required to buy Quality control equipments ,Various gauges & fixtures ,Miscellaneous tools & equipments required for production. The overall estimated cost of all the above is Rs 15 lacs.

FURNITURES AND FIXTURES (RS 15 LACS)
The company would be redoing the interior at the company's Rania office and also would be required to buy furniture for additional machines being purchased as part of the project. The overall cost for the same is estimated at Rs 15 lacs.

COMPUTER HARDWARE / SOFTWARE (RS 7.50 LACS)
The company is planning to buy 5 nos of computers, 2 nos Laptops, and 3 nos Laser Printers , further company also proposed to buy some software as required and the overall cost estimated is Rs 7.50 lacs.

VEHICLES (RS 25 LACS)
The company is planning to buy **3 new vehicles** – 2 mini buses and 1 tempo traveler for commuting its staff from Baroda to the respective plants. The estimated cost of vehicles to be acquired is Rs 25 lacs

PROVISION FOR CONTIGENCIES (RS 24.15 LACS)
Contingency at 5 % of the overall project cost excluding costs on preliminary & preoperative expenses & margin for working capital has been provided in the project cost. This would take into account any exchange fluctuations, changes in equipments costs estimated and any other exigencies.

PHASE- II EXPANSION OF EOU PLANT AT RAINA COMPLEX (RS 341.18 LACS)
The project would come on the existing land owned by the company at its Rania complex.

SITE DEVELOPMENT (Rs 5 LACS)

Site Development	**Total Cost (Rs in lacs)**
Cost of leveling/Development	
EOU	2.50
Cost of laying Roads	
EOU internal roads	2.50
	5.00

The company has the basic site developed and total estimated cost for the site development including roads, compound wall, etc is Rs 5.00 lacs for expansion of existing plant. The estimate for site development is based on the estimate from the architect named Rachna Niket who had given estimates dated 30th October 2006.

FACTORY BUILDING (Rs 102.38 LACS)
The Company proposes to build 15000 sq. feet of new factory building on existing land at Rania Complex.

Description of each building	Type of construction	No. of floors	Total floor area Sq feet	Rate of construction per Sq. feet	Estimated Cost (Rs in lacs)
Plant building	RCC	Ground	15,000	650	97.50
	Architectural fees				2.44
	Sanitary fittings				2.44
Total Building					102.38

The above cost is based on estimates received by the company from its Architects M/s Rachna Niket vide their letter no dated 30th October 2006.

PLANT AND MACHINERY FOR WHICH QUATATION HAS BEEN RECEIVED BUT ORDER HAS NOT BEEN PLACED (Rs 85.13 LACS)

IMPORTED (NEW) (Rs 85.13 lacs)

Sr.No.	Description with broad specification	Name of manufacturer	US $	Qty. (Nos.)	Basis of valuation (Quotations)	Insurance , clearances & Freight	Total Amount (Rs in Lacs)
1	Model # 350 T	Hwa Chin Machinery	90000	1	42.72	2.14	44.86
2	Model # 250 T	Hwa Chin Machinery	66000	1	31.33	1.57	32.90
3	Model # STM 120	Shini	1570	2	1.49	0.07	1.57
4	Model # SIC 3A	Shini	3640	1	1.73	0.09	1.81
5	Model # SC 1621H	Shini	2860	1	1.36	0.07	1.43
6	Model # SC 1628H	Shini	3430	1	1.63	0.08	1.71
7	Model # SPV	Shini	860	2	0.82	0.04	0.86
							85.13

Note:

1. The Company has estimated 1 US Dollar = Rs 47.
2. The other expense includes insurance, clearance & Freight Charges etc have been calculated @ 5% of basic plant & Machinery.
3. For the above the company has received quotation from M/s Hwa Chin Machinery Manufacturing Co Ltd, Taiwan vide their quotation dated 31st October 2006

PLANT AND MACHINERY FOR WHICH NO QUATATION HAS BEEN RECEIVED NOR ORDER HAS BEEN PLACED (Rs 25.00 LACS)

INDEGENOUS (RS 25.00 LACS)

The company would be acquiring various P & M as under for its plant,

Sr. No.	Details of equipments	No
1	Air compressor	1
2	Heatless air drier	1
3	24 Tray Drier	1
4	Automated Packing Line	1
5	Bag Sealing Machine	2
6	Strapping Machine	1
7	Drilling Machine	1
8	Bench Grinder	1
9	Water Softening Plant	1
10	Water Circulation Pump Model	2
11	Hydraulic Stacker	1
12	Hydraulic hand Pallet Truck	2
13	Grinding Sieving& powder separating Equipment	1
14	Dry Blending Machine Comp. With S.S	1
15	Assly. Fixtures	
16	Weighting Scale	1
17	Dehumidifier	1

The overall estimated cost for all the above equipments is Rs 25 lacs. This is based on the experience of the company as the company has similar equipment in its plants. The exact capacity, model no and supplier would be decided prior to implementation.

UTILITIES & ERRECTION (RS 20 LACS)

The cost on utilities and erection which is estimated at Rs 20 lacs includes cost on following areas,

- Increase in power requirements from 250 KVA to 500 MVA at the company's Rania plant . The amount would include amount payable to GEB for increase in power, additional deposit payable to GEB and electrification costs.
- Piping & plumbing for water / air for Plant & machinery
- Electrification for the additional machines being installed by the company
- Erection & installation for the injection moulding machines being installed by the company.

The overall estimated cost on all of the above is estimated at Rs 20 lacs.

MISC TOOLS & EQUIPMENTS (RS 7.50 LACS)

The company would be required to buy

- Quality control equipments
- Various gauges & fixtures
- Miscellaneous tools & equipments required for production

The overall estimated cost of all the above is Rs 7.50 lacs.

FURNITURES AND FIXTURES (RS 6 LACS)
The company at present does not have an office in the EOU plant . As part of the project the company would be establishing basic working office at the EOU plant and also would be required to buy furniture for additional machines . The overall cost for the same is estimated at Rs 6 lacs.

COMPUTER / SOFTWARE (RS 2.50 LACS)
The company would be buying

Computers	2 nos
Laser Printers	1 nos
Bar code label printer	1 nos

The company would also be looking at buying some software as required and the overall cost estimated is Rs 2.50 lacs.

PROVISION FOR CONTIGENCIES (RS 12.68 LACS)
Contingency at 5 % of the overall project cost excluding costs on preliminary & preoperative expenses & margin for working capital has been provided in the project cost. This would take into account any exchange fluctuations, changes in equipments costs estimated and any other exigencies.

PHASE III SETTING UP PLANT AT UTTRANCHAL
Break up of cost of Phase III – **1386.91 lacs**

Particulars	**Phase III**
	Setting of Plant at Uttranchal
Land	160.00
Site Development	25.00
Building	136.50
Plant and machinery	
- Imported	559.49
- Indigenous	100.00
Utilities & Erection	60.00
Miscellaneous Tools & Equipment	50.00
Furniture & fixtures	25.00
Computers / Software	15.00
Vehicles	25.00
Preliminary and preoperative expenses	50.00
Provision for contingencies	80.92
Margin for working capital	100.00
TOTAL	**1386.91**

LAND AND SITE DEVELOPMENT (Rs 185.00 LACS)

The company has identified the land and the Company has paid a token amount of Rs 151,000 towards the same .

The estimated cost of the land (including transfer, registration etc) is estimated at Rs 160 lacs. The company would be required to develop the site and total estimate for the site development including roads, compound wall, etc is estimated at Rs 25 lacs.

BUILDING (Rs 136.50 LACS)
The Company proposes to build 20000 sq.feet of new factory building at the Uttaranchal plant.

Description of each building	Type of construction	No. of floors	Total floor area Sq feet	Rate of construction per Sq. feet	Estimated Cost (Rs in lacs)
Plant building	RCC	Ground	20,000	650	**130.00**
	Architectural fees				3.25
	Sanitary fittings				**3.25**
Total Building					**136.50**

The above is based on estimates received by the company from its Architects M/s Rachna Niket vide their estimate dated 30th October 2006.

PLANT AND MACHINERY FOR WHICH QUATATION HAS BEEN RECEIVED BUT ORDER HAS NOT BEEN PLACED (Rs 559.49 LACS)

IMPORTED NEW

Sr.No.	Description	Name of manufacturer	US $	Qty. (Nos.)	F.O.B Value (Rs in Lacs)	Insurance , clearances & Freight	Import Duty (Rs.)	Total Amount (Rs in Lacs)
1	Injection Molding Machine							
	Model # 100 T AC	Hwa Chin Machinery	54800	2	52.03	2.60	18.77	73.39
	Model # 160 T AC	Hwa Chin Machinery	62930	3	89.62	4.48	32.33	126.42
	Model # 210 T AC	Hwa Chin Machinery	75790	2	71.96	3.60	25.95	101.51
	Model # 300 T AC	Hwa Chin Machinery	99900	2	94.85	4.74	34.21	133.80
	Model # 350 T AC	Hwa Chin Machinery	112630	1	53.47	2.67	19.28	75.42
2	Mould Temp. Controller							
	Model # STM 120	Shini	1570	8	5.96	0.30	2.15	8.41
3	Chillers							
	Model # SIC 3A	Shini	3640	4	6.91	0.35	2.49	9.75
	Model # SIC 5A	Shini	4070	3	5.80	0.29	2.09	8.18
4	Grinders							
	Model # SC 1621H	Shini	2860	4	5.43	0.27	1.96	7.66

	Model # SC 1628H	Shini	3430	4	6.51	0.33	2.35	9.19
5	Proportional valve							
	Model # SPV		860	10	4.08	0.20	1.47	5.76
								559.49

Note:

1. The Company has estimated 1 US Dollar = Rs 47.
2. The other expense includes insurance, clearance & Freight Charges etc have been calculated @ 5% of basic plant & Machinery.
3. For the above the company has received quotation from M/s Hwa Chin Machinery Manufacturing Co Ltd, Taiwan vide their quotation dated 31/10/2006.

PLANT AND MACHINERY FOR WHICH QUATATION HAS NOT BEEN RECEIVED NOR ORDER HAS BEEN PLACED (Rs 100 LACS)

INDEGENOUS (RS 100 LACS)

The company would have to create basic tool room facilities and other basic production facilities which would be required for smooth manufacturing operations. The company would be acquiring various indigenous P & M in addition to the main injection moulding machines as specified above, as under for its Uttaranchal plant.

Sr No	**Details of equipments**	**No**
1	Cooling Tower	1
2	Air compressor	1
3	Heatless air drier	1
4	EOT Crane	1
5	Electrostatic Liquid Cleaning Machine	1
6	24 Tray Drier	3
7	Automated Packing Line	1
8	Bag Sealing Machine	2
9	Strapping Machine	1
10	Drilling Machine	1
11	Bench Grinder	1
12	Water Softening Plant	1
13	Water Circulation Pump Model	2
14	Hydraulic Stacker	2
15	Hydraulic hand Pallet Truck	3
16	Grinding Sieving& powder separating Equipment	1
17	Dry Blending Machine Comp. With S.S	3
18	Assly. Fixtures	
19	Weighting Scale	3
20	Dehumidifier	1
21	Tool & Cutter grinder	1
22	EDM machine	1
23	Milling machine	1
24	Lathe	1

The overall estimated cost for all the above equipments is Rs 100 lacs. This is based on the experience of the company as the company has similar equipment in its plants. The exact capacity, model no and supplier would be decided prior to implementation.

UTILITIES & ERECTION (Rs 60 LACS)
The cost on utilities and erection which is estimated at Rs 60 lacs includes cost on following areas,

- Power requirements of 500 MVA at the company's Uttaranchal plant. The amount would include amount payable to Uttaranchal SEB for power, deposit payable to Uttaranchal SEB and electrification costs including costs of transformer / panel boards / cabling / etc.
- Piping & plumbing for water / air for Plant & machinery
- Electrification for the machines being installed by the company
- Erection & installation for the injection moulding machines being installed by the company.

The overall estimated cost on all of the above is estimated at Rs 60 lacs.

MISC TOOLS & EQUIPMENTS (Rs 50.00 LACS)
The company would be required to buy quality control equipments ,various gauges & fixtures ,Basic measuring tools & equipments ,various tools & hardware for the new plant, miscellaneous tools & equipments required for production

The overall estimated cost of all the above is Rs 50 lacs.

FURNITURES AND FIXTURES (Rs 25.00 LACS)
The company is setting up a completely new plant at Uttaranchal. The company would be setting up administrative cum production office at its Uttaranchal plant. This would include conference / meeting rooms and office for administrative & manufacturing team.

The overall estimated cost for the same is Rs 25 lacs

COMPUTER / SOFTWARE (Rs 15.00 LACS)
The company would be buying 10 nos Computers, 1 nos of Laptops ,3 nos Laser Printers

The company would also be establishing connectivity between its Uttaranchal plant & its Rania plant where the main server of the company is located. The company is planning to buy some software as required and the overall cost estimated is Rs 15.00 lacs.

VEHICLES (Rs 25.00 LACS)
The company's plant in Uttaranchal would be located @ 25 – 30 kms from Dehradun and would be operating on three shift basis. Most of the company's personnel including people working in shifts would be residing in Dehradun . The company would be required to transport personnel from specified locations in Dehradun to its plant in Uttaranchal. The Company would be looking at buying mini bus / cars for ferrying personnel at its Uttaranchal plant from Dehradun to the plant and back. The same facility would be used for people working in shifts. The company is planning to buy 1Mini bus,2 nos of Tempo traveler, and 1 Car.

The estimated cost of vehicles to be acquired is Rs 25 lacs

PROVISION FOR CONTIGENCIES (Rs 80.90 LACS)
Contingency at 7 % of the overall project cost excluding costs on preliminary & preoperative expenses & margin for working capital has been provided in the project cost. This would take into account any exchange fluctuations, changes in equipments costs estimated and any other exigencies. Since the company is setting up its plant at Uttaranchal which is a remote location for the company and there could be some additional costs which the company might have not envisaged..

APPRAISAL

The funds requirement and funding plans are Company's own estimates, and have not been appraised by any bank / financial institution.

MARGIN FOR WORKING CAPITAL (165.00 LACS)

Phase II & Phase III

Current asset	Holding Days	Bank margin	Valuation
Raw Material – Imported	45	25%	Landed cost or market price whichever is lower
Raw Material – Domestic	30	25%	Landed cost or market price whichever is lower
Stock in process	10	30%	Cost of production or selling price which ever is lower
Finished goods	12	40%	Cost of sales or selling price whichever is lower
Receivables – Domestic	60	40%	Invoice value less advance received if any
Receivables - Export	75	40%	Invoice value less advance received if any

Particulars	Amount (Rs in lacs)
Raw Material – Imported	115.17
Raw Material - Indigenous	230.33
Work in progress	220.89
Finished goods	270.59
Receivables - Domestic	721.23
Receivables - Export	755.14
Other current assets	998.22
Total current assets	3,311.57
Creditors	500.08
Other current liabilities	156.49
Total current liabilities	656.57
Working capital gap	2,655.00
Margin @ 25 % of current assets	827.89
Margin available	662.76
Additional margin for working capital	165.14

PRELIMINARY & PRE OPERATIVE EXPENSES (225.00 LACS)

Preliminary & preoperative expenses for Phase II & III include issue expenses, travel expenses, salaries & wages ,miscellaneous expenses

The break up of the same is as under

Issue expenses	
Activity	**Amount (Rs.in lacs)**
Lead Managers Fees / Brokerage and selling commission	90
Printing , stationery and dispatch	35
Advertising and marketing expenses	20
Registrar fees, Legal Fees	5
Advisor to the issue fees	5

Others	10
TOTAL	**165**
Preoperative expenses	
Traveling expenses	20
Consultation fees	10
Miscellaneous expenses	10
Salaries & wages	20
Total preoperative expenses	**60**
Total preliminary & preoperative expenses	**225**

SCHEDULE OF IMPLEMENTATION

	Commencement	**Completion**
Phase I		
Acquisition of land	Completed	Completed
Development of land	Feb 2006	Mar 2006
Civil works factory building	Mar 2006	May 2006
Plant and machinery		
- imported – Placement of order	Feb 2006	Apr 2006
– Delivery at site	May 2006	June 2006
- Indigenous – Placement of order	Feb 2006	Apr 2006
– Delivery at site	May 2006	June 2006
Arrangements for power	Mar 2006	May 2006
Arrangements for water	Feb 2006	Feb 2006
Erection of equipment	May 2006	June 2006
Commissioning	June 2006	June 2006
Initial procurement of raw materials	May 2006	May 2006
Training of personnel	Ongoing	Ongoing
Trial runs	June 2006	June 2006
Commercial production	June 2006	June 2006

	Commencement	**Completion**
Phase II		
Acquisition of land	Completed	Completed
Development of land	December 2006	December 2006
Civil works factory building	December 2006	March 2007
Plant and machinery		
- Imported – Placement of order	November 2006	January 2007
– Delivery at site	February 2007	March 2007
- Indigenous – Placement of order	November 2006	January 2007
– Delivery at site	February 2007	March 2007
Arrangements for power	October 2006	December 2006
Arrangements for water	Already available	
Erection of equipment	February 2007	March 2007
Commissioning	February 2007	March 2007
Initial procurement of raw materials	Already available	
Training of personnel	Ongoing	Ongoing
Trial runs	March 2007	March 2007
Commercial production	March 2007	March 2007

	Commencement	Completion
Phase III		
Acquisition of land	October 2006	November 2006
Development of land	December 2006	January 2007
Civil works factory building	March 2007	June 2007
Plant and machinery		
- Imported – Placement of order	March 2007	April 2007
– Delivery at site	June 2007	July 2007
- Indigenous – Placement of order	March 2007	April 2007
– Delivery at site	June 2007	July 2007
Arrangements for power	February 2007	May 2007
Arrangements for water	February 2007	May 2007
Erection of equipment	June 2007	July 2007
Commissioning	June 2007	July 2007
Initial procurement of raw materials	June 2007	July 2007
Training of personnel	Ongoing	Ongoing
Trial runs	July 2007	July 2007
Commercial production	July 2007	July 2007

The boards of directors of the company are firm and committed to implement and complete the project within the schedule as under:

FUNDS DEPLOYED

The company has already deployed Rs 636.77 lacs up to 14th October 2006 towards the proposed project as envisaged in the present issue. The same has been certified by M/s Shah Sanghvi & Co. Chartered Accountants; vide their certificate-dated 31st October 2006. The details of funds already deployed are as under:

Sr.No	Particulars	Amount (Rs in Lakhs)
1	Building construction	127.59
2	Plant & machinery	322.90
3	Miscellaneous Tools & equipments	2.90
4	Electrification	25.66
5	Computers & software	7.79
6	Furniture & fixtures	2.87
7	Office equipment	1.04
8	Preliminary & preoperative expenses	8.50
9	Advances to suppliers & others	137.52
	Total	636.77

SOURCES OF FINANCING OF FUNDS ALREADY DEPLOYED

The above amount of Rs 636.71 lacs has been spent from out of the sources of financing detailed below:

Sr. No.	Particulars	Amount (Rs in Lakhs)
1	Term loan from State Bank of India	272.61
2	Unsecured loans	41.05
3	Unpaid suppliers / LC liabilities	204.32
4	Internal cash accruals	118.79
	Total	636.77

DETAILS OF BALANCE FUND DEPLOYMENT

The remaining amount is proposed to be incurred by the Company in the fiscal 2006-2007 and fiscal 2007-2008.is as follows

QUARTER-WISE BREAK-UP OF THE FUND DEPLOYMENT

Rs in lacs

Sr. No.	Description	Already incurred upto 14th October ,2006	2006-2007		2007-2008				Total
			15th October to 31st December 06	1st January ,2007 to 31st March 2007	1st April, 2007 to 30th June,2007	1st July,2007 to 31st Septmber,2007	1st October,2007 to 31st December,2007	1st January 2008 to 31st March 2008	
1	Land & site development	-	-	37.00	133.00	25.00	-	-	195.00
2	Building	127.59	-	238.88	56.50	80.00	-	-	502.97
3	Plant & Machinery	322.90	128.92	419.22	100.00	580.40	-	-	1,551.44
4	Miscellaneous tools & equipments	2.90	7.50	15.00	20.00	30.00	-	-	75.40
5	Electrification	25.66	-	20.00	30.00	60.00	-	-	135.66
6	Computers & software	7.79	-	10.00	-	5.00	10.00	-	32.79
7	Furniture & fixtures	3.91	6.00	15.00	-	25.00		-	49.91
8	P & P expenses	8.50	10.00	15.00	100.00	50.00	50.00	-	233.50
9	Vehicles	-	-	25.00	-	10.00	15.00	-	50.00
10	Contingency	-	-	36.83	-	-	-	-	36.83
11	Margin for working capital	-	36.50	65.00	-	-	100.00	-	201.50
	Total	***499.25**	**188.92**	**896.93**	**439.50**	**865.40**	**175.00**	**-**	**3,065.00**

*Funds deployment is based on actual payment made for the assets acquired and does not show advances paid to suppliers / others.

INTERIM USE OF FUNDS

Pending any use as described above, the proceeds of the issue shall be invested in deposits with banks for the necessary duration. The Company may also use the same to fund the working capital requirement on a temporary basis.

MONITORING OF UTILISATION OF FUNDS

Company has appointed Committees of Board of Directors who will monitor the utilization of the proceeds of the issue. No part of the Issue proceeds will be paid by them as consideration to the Company Promoters, Directors, key management personnel or Companies promoted by the Company Promoters except in the course of normal business.

4. BASIC TERMS OF THE ISSUE

The Equity shares being issued are subject to the provision of the Companies Act, the Memorandum of Articles of Association of the Company, the terms of this draft prospectus and other terms and conditions as may be incorporated in the Allotment advice and other documents, certificates that may be executed in respect of the issue. The equity shares shall also be subject to laws as applicable, guidelines, notification and regulations relating to the issue. of capital and listing and trading of securities issue from time to time by SEBI, the government of India, Stock Exchange, FIPB, RBI ,ROC and /or other authorities ,as in force on the date of the issue and to the extent applicable.

5. BASIS FOR ISSUE PRICE:

Investors should read the following summary with the Risk Factors included from [.] to [.] and the details about the Company and its financial statements included in this draft prospectus. The trading price of the Equity Shares of the Company could decline due to these risks and the investor may lose all or part of his investment.

QUALITATIVE FACTORS:

- The promoter Mr Mahendra Sanghvi has experience of 32 years in this area of business. For details please refer page no [.] of this draft prospectus.
- Company has obtained ISO TS 16949 /2002 quality certification and ISO 9001:2001 certification
- Company has obtained UL approval for manufacture of parts for specific customers at its Rania Plant**.**
- Existing profit making company with well established customer base.For details please refer page no [.] of this draft prospectus.
- Company has won Best Exporter award from Plastics Export promotion council (PLEXCONCIL) for export of engineering plastic components from India for FY 2005.06

QUANTITATIVE FACTORS:

1. Adjusted earning per share (EPS) weighted

Year	EPS	Weightage
12 Months Ended 31st March 2004	0.21	1
12 Months Ended 31st March 2005	1.79	2
12 Months Ended 31st March 2006	3.03	3
Weighted average	2.14	

EPS for the half year ended on September 30th 2006 is 1.83

Price Earning ratio (P/E ratio) in relation to the Issue Price of Rs {.} per share

	Issue Price of Rs. [.] per share
(a). Based on EPS of 12 Months Ended 31st March 2006	3.03
(b). Based on weighted average (EPS)	2.14
(c). PE Multiple - Plastic products Industry	
• Bright Brothers	-
• Nilkamal plastics	23.60
• Average.	11.80

Source: Capital Market Volume XX/19, dated Dec 04- Dec-17, 2006; Category: Plastic products Industry

The Company manufactures precision injection moulded plastic components, sub- assemblies, moulds and dies for various companies.

The accounting ratios of companies in the Industry Group as on 31st March, 2006 (Plastic products category has to be mentioned) are as follows:

Company	EPS (Rs.)	P/E Ratio	RONW (%)	NAV (Rs.)
Bright Brothers	-	-	-	28.01
Nilkamal Plastics	7.9	23.60	5.7	147.90
Shaily Engineering Plastics Limited	3.03	**[.]**	14.48	20.96

@ Source: Capital Market Volume XX/19, dated Dec 04- Dec-17, 2006; Category: Plastic products Industry

2. **Return on Net worth:**

Year	RONW (%)	Weightage
12 Months Ended 31st March 2004	1.14	1
12 Months Ended 31st March 2005	9.17	2
12 Months Ended 31st March ,2006	14.48	3
Weighted Average	10.49	

Minimum return on total Net worth after issue needed to maintain pre-issue EPS of Rs [.] is [.]%

3. **Net Asset Value (NAV) per share (Rs.)**

a) As on March 31st, 2006	20.96
b) As on September 30th, 2006	22.87
c) After Issue	**[.]**
d) Issue Price	**[.]**

The Face value of shares is Rs.10/- and the Issue price is [.] times of the Face value.

TAX BENEFITS

ANNEXURE TO THE STATEMENTS OF TAX BENEFITS
The Statutory Auditors of the company M/s Shah Sanghvi & Company, Chartered Accountants who vide their certificate dated 30th October 2006 have stated the possible tax benefits available to **Shaily Engineering Plastics limited** (The "Company") and its current shareholders under the current tax laws presently in force in India.

They have stated that In view of the Individual nature of the tax consequence and the changing tax laws, each investor is advised to consult his or her own consultant with respect to the specific tax consequences of is /her participation in the scheme .

The Contents of this annexure are based on information, explanation and representation obtained from the company and on the basis of our understanding of the business activities and operations of the company and the interpretation of current laws.

As per the existing provision of the income tax Act, 1961 (The Act) and other laws for the time being in force , the following benefits and deduction are and will inertia be available to M/s Shaily Engineering Plastics Limited and Shareholders.

TAX BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS

A. To the Company – Under the Income Tax Act, 1961
By virtue of Section 10(34) of the Act, dividend income referred to in Section 115-o of the Act, are exempt from tax in the hands of the company.

Depreciation allowance at the prescribed rates on tangible and intangible assets under section 32 of the act can be claimed.

In accordance with the provisions of section 35 of the act, capital expenditure (other than on land) incurred on scientific research related to business carried on by the company in the year in which such expenditure is incurred, shall be entitled for deduction.

By virtue of section 10(38) of the Act, long term capital gains arising from the transfer of equity shares in a company or a unit of a equity oriented funds shall be exempt in the hands of the company provided that the sale transaction is entered into on or after the provisions for Securities Transaction Tax (STT) come into force and Such transaction is chargeable to STT.

For this purpose equity oriented fund means a fund –

where the invisible funds are invested by way of equity shares in domestic companies to the extent of more than 50% of the total proceeds of such funds; and

Which has set up under a scheme of Mutual Fund specified under Section 10 (23D)

Further, the percentage of the equity shareholding of such funds should be computed with reference to the annual average of the monthly averages of the opening and closing figures.

The Company is entitled to claim deduction under Section 35AC in respect of amounts paid to a public sector company, local authority or to an approved association or institution, for carrying out any eligible project or scheme.

In accordance with and subject to the provisions of Section 35DDA, the company is entitled to deduction of expenditure incurred by payment to an employee at the time of his voluntary retirement in five equal annual installments beginning from the year in which the expenditure is incurred.

Under Section 48 of the Act, if any shares are sold by the company after being held for not less than twelve months the gains (in cases not covered under section 10(36) and 10(38) of the Act) if any will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (not covered under Section 10(36) and 10(38) of the Act) arising on the transfer of shares by the company will be exempt from capital gains tax if the capital gains are invested within a period of 6 months after the date of such transfer, minimum for a period of 3 years in bonds issued by –

1. National Highway Authority of India Constituted under section 3 of the National Highway Authority of India Act, 1988;

2. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;

Under Section 54ED of the Act, and subject to the conditions and to the extent specified therein, long term capital gains (not covered under Section 10(36) and 10(38) of the Act) on the transfer of listed securities will be exempt from capital gains tax, if the capital gain are invested in shares of an Indian Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions namely –

The issue is made by a public company formed and registered in India.

The shares forming part of the issue are offered for subscription to the public.

As per the provision of section 111A, short term capital gains arising on transfer of equity shares in the company or units of an equity oriented fund i.e. the equity shares/units are held for a period of less than twelve months, such that the sale transaction is entered on or after the date on which the STT provisions came into force and such transaction is chargeable to securities transaction tax, then tax on such short term capital gains would be payable @ 10% (plus surcharge and education cess).

Under section 112 of the Act and other relevant provisions of the Act, long term capital gains (not covered under section 10(36) and 10(38) of the Act) arising on transfer of shares in the company, i.e. if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to section 48 (indexation not available if investments made in foreign currency as per the first proviso of Section 48) or at 10% (plus applicable surcharge and education cess) without indexation at the option of the Company.

B. To the Members of the Company – Under the Income Tax Act, 1961

B.1 Resident Members

In terms of section 10(23D) of the Act, all Mutual Funds set up by Public Sector Banks or Public Sector Banks or Public Financial Institutions authorized by RBI or Mutual Funds registered under the Securities and Exchange Board of India, subject to the conditions specified therein, are eligible for exemption from income tax on all their income.

Under section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 64 (1A) of the Act, will be exempt from tax to the extent of Rs.1500 per minor child.

By virtue of section 10(34) of the Act, dividend income referred to in section 115-O of the Act is exempt from tax in the hands of shareholders of the company.

By virtue of section 10(38) of the Act, long term capital gain arising from the transfer of equity shares in a company shall be exempt in the hands of the company provided that –

The sale transaction is entered into on or after the provisions of Securities Transaction Tax (STT) come into force and

Such transaction is chargeable to STT

Under Section 48 of the Act, if the company's shares are sold after being held for not less than twelve months the gains (in cases not covered under section 10(36) and 10(38) of the Act) if any will be treated as long tem capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.

Under Section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (not covered under Section 10(36) and 10(38) of the Act) arising on the transfer of shares by the Company will be exempt from capital gains tax if the capital gains are invested within a period of 6 months after the date of such transfer, minimum for a period of 3 years in bonds issued by –

1. National Highway Authority of India constituted under Section 3 of the National Highway Authority of India Act, 1988;

2. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

Under Section 54ED of the Act, and subject to the conditions and to the extent specified therein, long term capital gains (not covered under Section 10(36) and 10(38) of the Act) on the transfer of listed securities, will be exempt from capital gains tax, if the capital gain are invested in shares of an Indian Company forming part of eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the followings conditions namely –

The issue is made by a public company formed and registered in India.

The shares forming part of the issue are offered for subscription to the public.

Under section 54F of the Act long term capital gains (not covered under section 10(36) and 10(38) of the Act) on the transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential house property within a period of one year before or two years after the date of which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

As per the provision of Section 111A, short term capital gains arising on transfer of equity shares in the company or units of an equity oriented fund i.e. the equity shares/units are held for a period of less than twelve months, such that the sale transaction is entered on or after the date on which the STT provisions come into force and such transaction is chargeable to securities transaction tax, then tax on such short term capital gains would be payable @ 10% (plus surcharge and education cess).

Under section 112 of the Act and other relevant provisions of the Act, long term capital gains (not covered under section 10(36) and 10(38) of the Act) arising on transfer of shares in the company, i.e. if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to section 48 (indexation not available if investments made in foreign currency as per the first proviso of Section 48) or at 10% (plus applicable surcharge and education cess) without indexation, at the option of the Company.

B.2. Non-Residents/Non-Residents Members (Other than FIIs and Foreign Venture Capital Investors)
Under section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the Act will be exempt from tax to the extent of Rs.1500 per minor child.

By Virtue of Section 10(34) of the Act, dividend income referred to in Section 115-O of the Act is exempt from tax in the hands of the shareholders of the company.

By virtue of section 10(38) of the Act, long term capital gain arising from the transfer of equity shares in a company shall be exempt in the hands of the company provided that –

The sale transaction is entered into on or after the provisions of Securities Transaction Tax (STT) come into force and such transaction is chargeable to STT

Under section 48 of the Act, if any shares are sold by the company after being held for not less than twelve months the gains (in cases not covered under section 10(36) and 10(38) of the Act) if any will be treated as long tem capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
Under Section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (not covered under Section 10(36) and 10(38) of the Act) arising on the transfer of shares by the company will be exempt from capital gains tax if the capital gains are invested within a period of 6 months after the date of such transfer, minimum for a period of 3 years in bonds issued by:

(1) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988;

(2) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.
Under Section 54ED of the Act, and subject to the conditions and to the extent specified therein, long term capital gains (not covered under Section 10(36) and 10(38) of the Act) on the transfer of listed securities, will be exempt from capital gains tax, if the capital gain are invested in shares of an Indian Company forming part of eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the followings conditions namely –

The issue is made by a public company formed and registered in India.

The shares forming part of the issue are offered for subscription to the public.

Under section 54F of the Act long term capital gains (not covered under section 10(36) and 10(38) of the Act) on the transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential house property within a period of one year before or two years after the date of which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

As per the provision of Section 111A, short term capital gains arising on transfer of equity shares in the company or units of an equity oriented fund i.e. the equity shares/units are held for a period of less than twelve months, such that the sale transaction is entered on or after the date on which the STT provisions come into force and such transaction is chargeable to securities transaction tax, then tax on such short term capital gains would be payable @ 10% (plus surcharge and education cess).

Under section 112 of the Act and other relevant provisions of the Act, long term capital gains (not covered under section 10(36) and 10(38) of the Act) arising on transfer of shares in the company, i.e. if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to section 48 (indexation not available if investments made in foreign currency as per the first proviso of section 48) or at 10% (Plus applicable surcharge and education cess without indexation, at the option of the company.

A non-resident Indian (i.e. an individual being a citizen of India or person of Indian origin) has an option to be governed by the provisions of Chapter XII-A of the Act viz. "Special Provisions relating to Certain Incomes of Non Residents."

Under Section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a Non Resident Indian, Capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall (in cases not covered under Sections 10(36) and 10(38) of the Act) be concessionally taxed at the flat rate of 10% (without indexation benefit but with protection against foreign exchange fluctuation) plus applicable surcharge and education cess.

Under provisions of section 115F of the Act long term capital gains (not covered under Sections 10(36) and 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax, if the net consideration is invested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

Under provisions of Section 115G of the Act it shall not be necessary for a Non-Resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

Under section 115H of the act, where a non-resident Indian becomes assessable as resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with the return of income for the assessment year in which he is so assessable to the effect that the provisions of Chapter XII-A of the act shall continue to apply to him in relation to the investment income (other than on shares in the company) derived from any foreign exchange asset as defined therein. On doing so, the provisions of Chapter XII-A of the act shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion of such money of such assets.

Under Section 115I of the act where a non-resident Indian opts not to be governed by provisions of Chapter XII-A of the Act for any assessment year (including taxable income arising from investment in the company) will be computed according to the provisions of the act, and he will therefore be eligible to get concessions applicable to a resident individual and will be liable to tax accordingly.

In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

B.3. Foreign Institutional Investors (FIIs)
By Virtue of Section 10(34) of the Act, dividend income referred to in section 115-O of the Act is exempt from Tax in the hands of the shareholders of the Company.

By Virtue of Section 10(38) of the Act, long term capital gain arising from the transfer of equity shares in a company shall be exempt in the hands of the company provided that –

The sale transaction is entered into on or after the provisions of Securities Transaction Tax (STT) come into force and

Such transaction is chargeable to STT.

Under Section 54 EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (not covered under Section 10(36) and 10(38) of the Act,) arising on the transfer of shares by the Company will be exempt from Capital gains tax if the capital gains are invested within a period of 6 months after the date of such transfer, minimum for a period of 3 years in bonds issued by-

1. National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988;

2. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

Under Section 54ED of the Act, and subject to the conditions and to the extent specified therein, long term capital gains (not covered under Section 10(36) and 10(38) of the Act) on the transfer of listed securities, will be exempt from capital gains tax, if the capital gain are invested in shares of an Indian Company forming part of a eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the followings conditions namely –

The issue is made by a Public company formed and registered in India.

The shares forming part of the issue are offered for subscription to the public.

The Income by way of short term capital gains or long term capital gains (not covered under Section 10(36) and 10(38) of the Act) realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the Act –

Short term capital gains – 30% (plus applicable surcharge and education cess) without cost indexation and protection against foreign exchange fluctuation)

Short term capital gains (referred to in Section 111A of the Act) – 10% (plus applicable surcharge and education cess) without cost indexation and protection against foreign exchange fluctuation)

Long term capital gains – 10% (plus applicable surcharge and education cess) (without cost indexation and protection against foreign exchange fluctuation)

(Shares held in a company would be consideration as a long term capital asset provided they are held for a period of exceeding 12 months).

B.4. Venture Capital Companies/Funds
In terms of Section 10 (23FB) of the Act all Venture capital companies/funds/undertaking registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from Income Tax on all their income including Income from Dividend

Infrastructure Capital Companies/Funds or Co-operative bank
As per provisions of section 10(23G) of the act, income by way of dividends, interest or long term capital gains of Infrastructure Capital Company, Infrastructure Capital Fund and Co-operative bank from investment made in share or long term finance in undertakings specified therein shall be exempt from tax.

However such income earned by an Infrastructure Capital Company shall not be exempt for the purpose of computing tax on book profits under section 115JB of the act.

B. 5. TO MUTUAL FUNDS
In case of shareholder being a Mutual Fund, as per the provisions of section 10(23D) of the I.T. Act, any income of mutual funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under, mutual funds set up by public sector banks or public financial institutions and mutual funds authorized by the Reserve Bank of India would be exempt from Income Tax, subject to the conditions as the Central Government may be notification in the official Gazette specify in this behalf.

Benefits under the Wealth Tax Act, 1957.
As per the prevailing provisions of the above act, no wealth tax shall be levied of shares of the company.

Benefits under the Gift Tax Act

As no gift tax is leviable in respect of gifts made on or after October 1, 1998, any gift of shares will not attract gift tax.

Special Benefit to the Company being an EOU.
100% Income Tax exemption is available upto 31.3.2009 or first 10 years whichever is earlier to EOU units.

Special Benefit to the Company being located in the State of Uttaranchal.
In addition to the aforesaid, the Company being located in the state of Uttaranchal is entitled to the following benefits:

1. Exemption from Entry Tax on Plant and Machinery.
2. Exemption from Central Excise Duty for ten years.
3. Exemption of 100% from Income Tax for first five years and 30% for next five years.
4. Lower rate of 1% on Central Sales Tax for five years.
5. Capital investment subsidy at the rate of 15% or Rs. 30.00 Lakhs, whichever is lower.

Notes:
All the above benefits are as per the current tax laws as amended by the finance Act, 2006 and will be available only to the sole / first named holder in case joint holders hold the shares.

In respect of non – residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreements, if any, between India and the country in which the non – residence has fiscal domicile.

In view of the individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific tax consequences of his / her participation in the scheme. The tax implications of and investment in the equity shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

SECTION: III ABOUT THE COMPANY

1. INDUSTRY OVERVIEW

The Plastic Sector is a growing industry in India. The demand for most plastic products in India has increased at double-digit growth rate during the last decade. The consumption of plastic products in India tends to increase significantly in the years when there is significant increase in polymer availability. Notably, beyond 1999, when there was abundant availability of raw polymer resin domestically, the plastic industry year-on-year growth rate correlated well with the corresponding GDP growth rate. Overall, the key demand determinants for plastics in a country are per capita income, availability of plastics, cultural factors, and the level of environmental concerns.

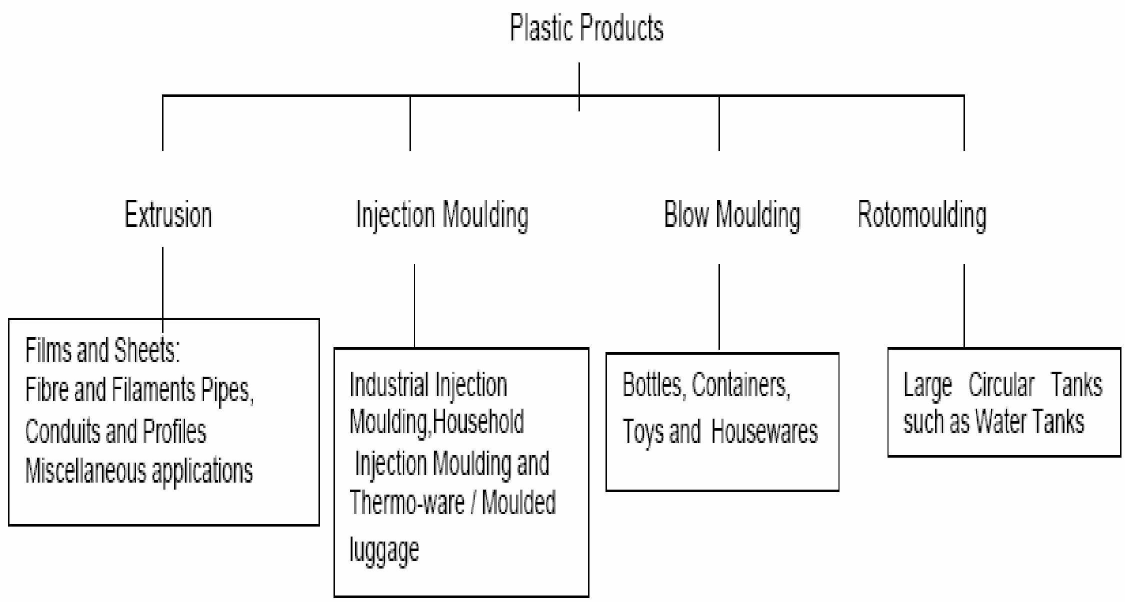
Consumption of plastics in India is modest compared to developed countries. Although per capita consumption of plastics in India has risen from 0.96 kg in 1995-96 to about 4.1 kg in 2004-05, it is still way below the world average of 20 kg. One of the reasons for this is that an overwhelming share of the consumption (over 80%) is accounted for by commodity plastics which are mainly used in the making of low-value household articles, pipes, moulded extruded sheets etc. The per capita plastics consumption, which is currently at 4.1 kg, is projected to go up to 8 kg by the year 2007. On the basis of the large Indian population and growth rate of Indian GDP, by the year 2010 India is projected to become the world's third largest consumer of plastics after US and China from its current eighth position.

On the basis of value added, the plastic products sector contributes to around 0.5% of GDP of the country. The plastic products sector also provides for 1% of the country's export. An estimated 0.4 million people are employed in the sector. There is a presence of the small scale companies in the industry which account for more than 50% of the industry turnover. The Indian plastic processing Industry is highly fragmented and comprises 25000 firms with more than 400000 employees. Barring 10-15% of the firms, which can be classified as medium-scale operations, all the other units operate on a small scale basis. The top 100 players accounts for just 20% of the industry turnover. The total number of players in the sector is more than 25000. However, the degree of fragmentation, worldwide, is large and despite the small size of operations they are able to operate profitably. Further the high growth in demand ensures that the market is able to absorb the excess capacity in quick times. Overall, the degree of competition can be considered high in the Indian Plastic processing industry.

The sector has a significant presence of the unorganised sector, which accounts for more than 70% of the industry turnover. More than 95% of the firms in the industry are either partnership, proprietorship or private limited companies. Further, these small companies get significant advantages in taxes. These firms, thus, provide significant level of competition to the organized sector companies, which combined together are making losses. The organised sector companies, thus, need to build up significant brand image to survive against the competition from the unorganised sector.

(Source: ICRA Industry Report, June 2005)

Classification of Plastic Products by Type of Process Used



The polymer consumption in India according to various processes is provided as follows:-

%

Process	Share in Total Consumption in India	Share in Total Consumption in USA, a mature market
Extrusion	75.6	72.8
Injection Moulding	18.0	18.3
Blow Moulding	5.1	8.7
Rotomoulding	1.3	1.2
Total ('000 tonnes)	4,070	22,800

Compiled by INGRES

Application of Plastic:-

Packaging

Plastic packaging (including flexible film and rigid containers) conveys the image of high quality, freshness and convenience. It is more cost effective than any other packaging material and is the largest single market for plastic resin consumption (packaging uses more than 40% of all plastics produced). Unstable resin prices (increase being as high as 70% in some cases) have not slowed growth or stopped consumers from demanding the benefits of plastic packaging which include clarity, toughness and seal strength.

Currently plastic dominates the food packaging market and 50% of all food packaging is made from plastics. Consumers continue to favour the quality, convenience, and shelf life benefits of plastics in food packaging. Technological improvements are likely to assure that this trend continues.
(Source: - http://icra.in)

The plastic processing sector comprises of over 30,000 units involved in producing a variety of items through injection moulding, blow moulding, extrusion and calendaring. The capacities built in most segments of this industry coupled with inherent capabilities have made us capable of servicing the overseas markets.
(Source:-http://www.indianplasticportal.com)

Rotational moulding sector is growing very well and is expected to achieve 12% growth in 2005. Most of the rotational moulding is for water tanks (almost 85-90%). However, with the setting up of a division of the US Rotational Moulding Association in India, the development of other products is expected in the near future.

The Indian rotational moulders have started in this direction with the development of fuel tank for the farm sector (tractors, etc) as well as insulation boxes/containers.

Injection moulding sector continues to grow well mainly because of good growth in the automotive sector, coupled with good opportunities in consumer products due to a rise in surplus available with middle class Indian families. India is increasingly becoming a preferred source for auto parts that including plastic moulded parts. PET bottles continue to grow at almost 15%.
(Source:-http://www.plastemart.com)

2. BUSINESS OVERVIEW

Shaily Engineering Plastics Ltd. (SEPL) was formerly called Anmol Trading Company Ltd. (ATCL) . Anmol Trading Company Limited was incorporated on 18th April 1980 and obtained certificate of commencement of business on 24th April 1980 Company obtained fresh certificate of incorporation on change of name to Shaily Engineering Plastics Limited on15th January 2003.

In the year 1995 Shaily Group Holdings Pvt Ltd (SGHPL), Enplas Management Consultants Private Limited (EMCPL), Mr Mahendra Sanghvi, Mr Laxman Sanghvi and Mrs Tilottama Sanghvi have acquired 30,000 Equity shares of Anmol Trading Company Ltd at a negotiated price of Rs 19.50 through MOU dated 9th March , 1995, entered into with Paragon Group Comprising of various companies, firms and individuals holding controlling stake of Anmol Trading Company Limited thereby acquiring 60% of the paid up capital of Anmol Trading Company limited and thereby triggering the takeover code.

In compliance with SEBI Regulation on substantial Acquisition of shares and takeovers, 1994, EMCPL (on behalf of Acquirers) has made an open offer for purchase of 10,000 equity shares representing 20% of the voting capital of Anmol Trading company limited at a price of Rs 39 per share i.e. to the equity shareholders of ATCL in the year 1997.the offer opened on January, 27 1997 and closed on February 24, 1997.

The said acquisition of the shares by the Acquirers was done with an intention to obtain a controlling stake and total management control of ATCL.

Accordingly, the Acquirer acquired Nil equity shares in the company through an open offer ,which resulted in a post offer shareholding of 30000 equity shares representing 20 % of total holding .

Shaily Engineering Plastics Ltd. (SEP),Shaily Plastic Finishing Ltd.(SPFL),Shaily Technologies Pvt. Ltd. (STPL) , Shaily Group Holdings Pvt. Ltd. (SGHPL) , Enplas Management Consultants Pvt. Ltd. (Enplas),RT Shaily India Pvt. Ltd. (RTSIPL) & Mahendra Sanghvi Investments Pvt. Ltd. (MSIPL) were merged into the company wef 1st April 2001 . The approval of the Honorable High Courts of Mumbai & Gujarat was obtained on 18th November 2002 & 14th August 2002 respectively, for the same.

Shaily Engineering Plastics Limited operates in the industrial and precision segment of the engineering plastic industry. It caters to a wide range of high growth industries like, switchgear components, auto components, medical equipment, electronics and domestic appliances, power tools and packaging of high-end consumer durables.

Shaily Engineering Plastics Limited manufactures precision injection moulded plastic components, sub-assemblies, moulds and dies for various original Equipment cusotmers.

At present spread over its Halol, Rania Finishing & EOU plants , SEPL has 43 injection moulding machines of varying capacities with facilities for thermoplastic / thermoset / DMC injection moulding. The company also has facilities for pad printing, vacuum metallsing, painting, sonic welding, high-speed printing, hot foiling, hot stamping, assembly, etc which add value to the plastic components produced by the company The company also has a fully equipped tool room at reach of its plants which is primarily responsible for maintenance of moulds and also has capacity to manufacture @ 20 moulds per year .

Company has obtained following quality certifications, which are valid till 13th May 2007 for all its three plants

- ISO TS 16949 / 2002 which is the latest quality certification and adopted by American , European & Japanese automakers and is slated to replace QS 9000 by 2005 and would be future standard for all quality certifications .
- ISO 9001 : 2001 including design .

In addition Company has also obtained UL approval for manufacture of parts for specific customers at its Rania plant.

Company essentially manufactures precision injection moulded plastic components , moulds , dies & sub assemblies for various original Equipment manufactures requirements . Company supplies only to original equipment manufacture customers who are known to be extremely demanding in terms of quality & deliveries .

Major customers of SEPL include

1. Procter & Gamble
2. Hindustan Lever Ltd , through its contract manufacturer's viz. Aeropharma / Bharat Cosmetics
3. IKEA Trading Pvt. Ltd.
4. Siemens Ltd
5. Secure Meters Ltd
6. ABB Ltd.
7. General Electric Company and its subsidiaries viz., GE Appliances.
8. Emerson Electric Company and its various subsidiariesviz. Copeland USA , Therm-O-Disc USA.

As it is seen above that the potential for export of plastic companies from India is also quite huge. The advantage, which India offers, is

- Low cost manufacturing base
- High technical skills
- Ability to understand and assimilate best manufacturing practices.

and is similar to the advantages in the IT sector outsourcing of manufacturing activities has just started and the potential for India is quite huge. Company is already working on such opportunities and has the requisite knowledge to leverage the advantage of such opportunities. The Company is uniquely poised to take advantage of this opportunity. The advantages for the company are:-

- Experience of working with demanding customers for the past 8 years in the US.
- Understanding of logistics requirements of overseas customers and having established a presence in the US

LOCATION OF THE PROJECT

The Proposed project is located at

Phase I - EOU	Survey # 364/3 At Post Rania, Taluka Savli, District Baroda 391780.
Phase II EOU	Survey # 364/3 at Post Rania, Taluka Savli, District Baroda 391780.
Phase II Rania	Survey # 366 at Post Rania, Taluka Savli, District Baroda 391780.
Phase III	The proposed project would be located near Dehradun in the State of Uttaranchal

PLANT AND MACHINERY

PHASE I SETTING UP EOU PLANT AT RANIA COMPLEX & EXPANSION OF EXISTING RANIA PLANT

PLANT AND MACHINERY ALREADY PURCHASED (RS 380.58 LACS)

Shaily Engineering Plastics Limited

IMPORTED MACHINERY (NEW) ALREADY PURCHASED (RS 326.92) LACS

Sr.No.	Description	Name of manufacturer	Qty. (Nos.)	US $	Amount (Rs in lacs)	F.O.B Value (Rs in lacs)	Insurance, clearances & Freight	Import Duty %	Import Duty (Rs.)	Total Amount (Rs in lacs)
1	**INJECTION MOLDING MACHINE**									
	Model # 350 T	Hwa Chin Machinery	2	90000	41.40	83.63	4.18	-	-	87.81
	Model # 250 T	Hwa Chin Machinery	1	66000	30.36	30.66	1.53	-	-	32.20
	Model # 250 AC	Hwa Chin Machinery	1	87235	40.13	40.53	2.03	0.05	2.03	44.58
	Model # 210 T	Hwa Chin Machinery	2	55000	25.3	51.11	2.56	-	-	53.66
	Model # 250 T (BMC)	Hwa Chin Machinery	1	80700	37.12	37.49	1.87	0.05	1.87	41.26
	Model # 210 T (BMC)	Hwa Chin Machinery	1	70000	32.2	32.52	1.63	0.05	1.63	35.77
2	**DEFLASHING MACHINE**	Jong Fine Machine Co. Ltd.	2	11500	5.29	10.69	0.53	0.05	0.53	11.75
3	**NYLON SHOT**	Jong Fine Machine Co. Ltd.	200	30	0.014	2.79	0.14	0.05	0.14	3.07
4	**MOULD TEMP. CONTROLLER**									
	Model # STM 120	Shini	4	1570	0.72	2.92	0.15	-	-	3.06
5	**CHILLERS**									
	Model # SIC 3A	Shini	2	3640	1.67	3.38	0.17	-	-	3.55
	Model # SIC 5A	Shini	1	4070	1.87	1.89	0.09	-	-	1.99
6	**GRINDERS**									
	Model # SC 1621H	Shini	2	2860	1.32	2.66	0.13	-	-	2.79
	Model # SC 1628H	Shini	2	3430	1.58	3.19	0.16	-	-	3.35
7	**PROPORTIONAL VALVE**									
	Model # SPV	Shini	5	860	0.40	2.00	0.10	-	-	2.10
										326.92

Note:

1. All the above Plant & machinery has been received and installed at the company's premises.
2. The Company has estimated 1 US Dollar = Rs 46.
3. Customs duties for EOU plant have been taken at 0 % while for other machineries have been taken at 5 % based on the company obtaining EPCG license.
4. The other expense includes insurance, clearance & Freight Charges etc have been calculated @ 5% of basic plant & Machinery. This is based on Company estimates.

IMPORTED SECOND HAND MACHINERY ALREADY PURCHASED (Rs 53.66 lacs)

Sr. No.	Description	Name of manufacturer	Qty. (Nos.)	US $	Amount (Rs in lacs)	F.O.B Value (Rs in lacs)	Insurance , clearances & Freight	Total Amount (Rs in lacs)	Year of manufacture	Balance estimated life
1	Model # CLF 400 T	Cheso Machinery Mfg	2	35000	16.1	32.52	1.63	34.15	2000	Over 10 years
2	Model # 450 M	Cheso Machinery Mfg	1	40000	18.4	18.58	0.93	19.51	2000	Over 10 years
								53.66		

Note:

1. The Company has estimated 1 US Dollar = Rs 46.
2. The other expense includes insurance, clearance & Freight Charges etc have been calculated @ 5% of basic plant & Machinery.
3. The company has received Chartered Engineers certificate from M/s Shinnihon Kentei (S) Pte. Ltd., Singapore, vide their report # 2006-SI-0566 dated 28th June 2006 regarding the balance estimated life of the machines.

INDEGENOUS MACHINERIES ALREADY PURCHASED – (Rs 58.12 lacs)

Sr. No.	Description	Name of manufacturer	Qty (No)	Ex. works F.O.B./Price	Total Ex.Works	Excise Duty	Other charges	Taxes	Transport	Amount (Rs in Lacs)
1	Cooling Tower Model # 88 TR	Artech Cooling Towers Pvt. Ltd.	1	0.74	0.743		0.06	0.01	2500	0.84
2	ELGI air compressor Model # E30-7.5 191CFM	Unitrade India	1	5.54	5.54	0.9038832	0.00	0.26	15000	6.85
3	Ansara Heatless air drier Model # AHLD / 200	Ansara equipments	1	1.25	1.25	0	0.00	0.10	2500	1.38
4	EOT Crane Capacity 5 Tons	Hercules Hoists Ltd	1	6.7	6.7	1.09344	0.07	0.31	15000	8.32
5	TRIDENT Electrostatic Liquid Cleaning Machine Model # ELC 50Ltr	Trident Engineering	1	0.9	0.9	0	0.00	0.08	3500	1.01

6	SED 24 Tray Drier	Shivang Furnaces & Ovens P.Ltd.	1	0.80	0.80	0	0.03	0.07	5000	0.95
7	Automated Packing Line	Labn Machines Pvt Ltd	1	7.4	7.4			0.30	5000	7.75
8	Bag Sealing Machine	Patel Electric Works	2	0.11	0.22			0.02	500	0.24
	Strapping Machine Model # JS 1 IMC	R K Enterprise	1	0.35	0.35	0	0.01	0.03	1500	0.40
10	Drilling Machine		1	0.5	0.5	0.08		0.02	5000	0.65
11	Bench Grinder		1	0.15	0.15	0.02		0.01	2500	0.21
12	Water Softening Plant	BT Engineers	1	0.5	0.5				1500	0.52
13	Water Circulation Pump Model # CN 125-250	Industrial Engineering Co.	2	0.80	1.60				1500	1.62
14	Hydraulic Stacker Model PES 14	Trident Corporation	1	3.23	3.23	0.53		0.15	15000	4.05
15	Hydraulic hand Pallet Truck Model # PEX- 25	Trident Corporation	2	0.13	0.26	0.04		0.01	2500	0.34
16	Grinding Sieving& powder separating Equipment		1	1	1	0.16		0.05	2500	1.23
17	Dry Blending Machine Comp. With S.S. Model # PDB - 50	Pioneer Engineering Corp.	1	0.88	0.88	0.00	0.00	0.07	2500	0.97
18	Spares for machines and auxiliaries		sets	3	3	0.49		0.14	2500	3.65
19	Assly. Fixtures		TBD	2.5	2.5	0.41		0.12	2500	3.05

20	Weighting Scale - Platform type - 150Kgs. Model # DC 851	Essae-Teraoka Ltd.	1	0.27	0.27	0.04		0.01	1000	0.34
21	Weighting Scale - Platform type - 30Kgs. Model # DC 85	Essae-Teraoka Ltd.	1	0.20	0.20	0.03		0.01	1000	0.25
22	Weighting Scale - Platform type - 3kgs Model # DC 85	Essae-Teraoka Ltd.	1	0.20	0.20	0.03		0.01	1000	0.25
23	Impact or Compression Testing Machine		3	1	3	0.49		0.14	15000	3.78
25	Hydraulic Oil for new Machine - Mobil DTE 25	P.D.Enterprise	10	0.137	1.37			0.05	2500	1.45
26	Dehumidifier	To be decided	1	6.5	6.5	1.06		0.30	15000	8.01
	Total - Plant & Machinery (Indigenous)									**58.12**

Note:
The total cost includes applicable excise duties, VAT, Central Sales Tax and other applicable charges for getting the equipment to the plant.

Against a total of Rs 380.58 lacs towards imported equipment and Rs 58.12 lacs towards indigenous equipment the company has as on 14th October 2006 spent an amount of Rs 322.90 lacs towards the same for which certificate has been received from M/s Shah Sanghvi & Company, Chartered Accountants dated 23rd November, 2006

PHASE II FOR EXPANSION OF EXISTING PLANT AT RANIA.

PLANT AND MACHINERY FOR WHICH QUATATION HAS BEEN RECEIVED BUT ORDER HAS NOT BEEN PLACED (Rs 214.09 LACS)

IMPORTED MACHINERIES (NEW) (Rs 214.09 LACS)

Sr.No.	Description	Name of manufacturer	US $	Qty. (Nos.)	Amount (Rs in Lacs)	Insurance , clearances & Freight	Import Duty (Rs.)	Total Amount (Rs in Lacs)
1	Injection Molding Machine							
	Model # 160 T	Hwa Chin Machinery	46529	2	44.17	2.21	15.93	62.31
	Model # 125 T AC	Hwa Chin Machinery	59300	1	28.15	1.41	10.15	39.71
	Model # 80 T AC	Hwa Chin Machinery	51000	1	24.21	1.21	8.73	34.15
	Model # 160 T (BMC)	Hwa Chin Machinery	61300	1	29.10	1.46	10.50	41.05
2	Deflashing Machine	Jong Fine Machine Co. Ltd.	11 500	1	5.46	0.27	1.97	7.70
3	Nylon Shot	Jong Fine Machine Co. Ltd.	30	200	2.85	0.14	1.03	4.02
4	Mould Temp. Controller							
	Model # STM 120	Shini	1570	4	2.98	0.15	1.07	4.20
5	Chillers							
	Model # SIC 3A	Shini	3640	2	3.46	0.17	1.25	4.88
	Model # SIC 5A	Shini	4070	1	1.93	0.10	0.70	2.72
	Model # SIC 5A	Shini	4070	1	1.93	0.10		2.03
6	Grinders							
	Model # SC 1621H	Shini	2860	2	2.72	0.14	0.98	3.84
	Model # SC 1628H	Shini	3430	2	3.25	0.16	1.17	4.58
7	Proportional valve							
	Model # SPV		860	5	2.04	0.10	0.74	2.88
								214.09

Note:

1. The Company has estimated 1 US Dollar = Rs 47.
2. Customs duties have been estimated at 36.07 % for Rania plant .
3. The other expense includes insurance, clearance & Freight Charges etc have been calculated @ 5% of basic plant & Machinery.

4. For the above the company has received quotation from M/s Hwa Chin Machinery Manufacturing Co Ltd, Taiwan vide their quotation dated 31st October 2006

PLANT AND MACHINERY FOR WHICH NO QUATATION HAS BEEN RECEIVED NOR ORDER HAS BEEN PLACED (Rs 35.00 LACS)

INDEGENOUS (RS 35.00 LACS)

The company would be acquiring various Plant & Machineries as under for its plant,

Sr No	Details of equipments	No
1	Cooling Tower	1
2	Air compressor	1
3	Heatless air drier	1
4	EOT Crane Capacity 5 Tons	1
5	Electrostatic Liquid Cleaning Machine	1
6	24 Tray Drier	1
7	Automated Packing Line	1
8	Bag Sealing Machine	2
9	Strapping Machine	1
10	Drilling Machine	1
11	Bench Grinder	1
12	Water Softening Plant	1
13	Water Circulation Pump Model	2
14	Hydraulic Stacker	1
15	Hydraulic hand Pallet Truck	2
16	Grinding Sieving& powder separating Equipment	1
17	Dry Blending Machine Comp. With S.S	1
18	Assly. Fixtures	
19	Weighting Scale	3
20	Dehumidifier	1

The overall estimated cost for all the above equipments is Rs 35 lacs. This is based on the experience of the company as the company has similar equipment in its plants. The exact capacity, model no and supplier would be decided prior to implementation.

PHASE- II FOR EXPANSION OF EOU PLANT AT RAINA COMPLEX (RS 341.18 LACS)

PLANT AND MACHINERY FOR WHICH QUOTATION HAS BEEN RECEIVED BUT ORDER HAS NOT BEEN PLACED (Rs 85.13 LACS)

IMPORTED (NEW) (Rs 85.13 lacs)

Sr.No.	Description with broad specification	Name of manufacturer	US $	Qty. (Nos.)	Basis of valuation (Quotations)	Insurance , clearances & Freight	Total Amount (Rs in Lacs)
1	Model # 350 T	Hwa Chin Machinery	90000	1	42.72	2.14	44.86
2	Model # 250 T	Hwa Chin Machinery	66000	1	31.33	1.57	32.90
3	Model # STM 120	Shini	1570	2	1.49	0.07	1.57

4	Model # SIC 3A	Shini	3640	1	1.73	0.09	1.81
5	Model # SC 1621H	Shini	2860	1	1.36	0.07	1.43
6	Model # SC 1628H	Shini	3430	1	1.63	0.08	1.71
7	Model # SPV	Shini	860	2	0.82	0.04	0.86
							85.13

Note:

1. The Company has estimated 1 US Dollar = Rs 47.
2. The other expense includes insurance, clearance & Freight Charges etc have been calculated @ 5% of basic plant & Machinery.
3. For the above the company has received quotation from M/s Hwa Chin Machinery Manufacturing Co Ltd, Taiwan vide their quotation dated 31st October 2006

PLANT AND MACHINERY FOR WHICH NO QUATATION HAS BEEN RECEIVED NOR ORDER HAS BEEN PLACED (Rs 25.00 LACS)

INDEGENOUS (RS 25.00 LACS)

The company would be acquiring various Plant & Machineries as under for its plant,

Sr. No	Details of equipments	No
1	Air compressor	1
2	Heatless air drier	1
3	24 Tray Drier	1
4	Automated Packing Line	1
5	Bag Sealing Machine	2
6	Strapping Machine	1
7	Drilling Machine	1
8	Bench Grinder	1
9	Water Softening Plant	1
10	Water Circulation Pump Model	2
11	Hydraulic Stacker	1
12	Hydraulic hand Pallet Truck	2
13	Grinding Sieving& powder separating Equipment	1
14	Dry Blending Machine Comp. With S.S	1
15	Assly. Fixtures	
16	Weighting Scale	1
17	Dehumidifier	1

The overall estimated cost for all the above equipments is Rs 25 lacs. This is based on the experience of the company as the company has similar equipment in its plants. The exact capacity, model no and supplier would be decided prior to implementation.

PHASE III SETTING UP PLANT AT UTTRANCHAL

PLANT AND MACHINERY FOR WHICH QUATATION HAS BEEN RECEIVED BUT ORDER HAS NOT BEEN PLACED (Rs 559.49 LACS)

IMPORTED NEW

Sr.No.	Description	Name of manufacturer	US $	Qty. (Nos.)	F.O.B Value (Rs in Lacs)	Insurance , clearances & Freight	Import Duty (Rs.)	Total Amount (Rs in Lacs)
1	Injection Molding Machine							
	Model # 100 T AC	Hwa Chin Machinery	54800	2	52.03	2.60	18.77	73.39
	Model # 160 T AC	Hwa Chin Machinery	62930	3	89.62	4.48	32.33	126.42
	Model # 210 T AC	Hwa Chin Machinery	75790	2	71.96	3.60	25.95	101.51
	Model # 300 T AC	Hwa Chin Machinery	99900	2	94.85	4.74	34.21	133.80
	Model # 350 T AC	Hwa Chin Machinery	112630	1	53.47	2.67	19.28	75.42
2	Mould Temp. Controller							
	Model # STM 120	Shini	1570	8	5.96	0.30	2.15	8.41
3	Chillers							
	Model # SIC 3A	Shini	3640	4	6.91	0.35	2.49	9.75
	Model # SIC 5A	Shini	4070	3	5.80	0.29	2.09	8.18
4	Grinders							
	Model # SC 1621H	Shini	2860	4	5.43	0.27	1.96	7.66
	Model # SC 1628H	Shini	3430	4	6.51	0.33	2.35	9.19
5	Proportional valve							
	Model # SPV		860	10	4.08	0.20	1.47	5.76
								559.49

Note:

1. The Company has estimated 1 US Dollar = Rs 47.
2. The other expense includes insurance, clearance & Freight Charges etc have been calculated @ 5% of basic plant & Machinery.
3. For the above the company has received quotation from M/s Hwa Chin Machinery Manufacturing Co Ltd, Taiwan vide their quotation dated _31/10/2006.

PLANT AND MACHINERY FOR WHICH QUATATION HAS NOT BEEN RECEIVED NOR ORDER HAS BEEN PLACED (Rs 100 LACS)

INDEGENOUS (RS 100 LACS)

The company would have to create basic tool room facilities and other basic production facilities which would be required for smooth manufacturing operations. The company would be acquiring various indigenous P & M in addition to the main injection moulding machines as specified above, as under for its Uttaranchal plant.

Sr No	Details of Equipments	No
1	Cooling Tower	1
2	Air compressor	1
3	Heatless air drier	-1
4	EOT Crane	1
5	Electrostatic Liquid Cleaning Machine	1
6	24 Tray Drier	3
7	Automated Packing Line	1
8	Bag Sealing Machine	2
9	Strapping Machine	1
10	Drilling Machine	1
11	Bench Grinder	1
12	Water Softening Plant	1
13	Water Circulation Pump Model	2
14	Hydraulic Stacker	2
15	Hydraulic hand Pallet Truck	3
16	Grinding Sieving& powder separating Equipment	1
17	Dry Blending Machine Comp. With S.S	3
18	Assly. Fixtures	
19	Weighting Scale	3
20	Dehumidifier	1
21	Tool & Cutter grinder	1
22	EDM machine	1
23	Milling machine	1
24	Lathe	1

The overall estimated cost for all the above equipments is Rs 100 lacs. This is based on the experience of the company as the company has similar equipment in its plants. The exact capacity, model no and supplier would be decided prior to implementation.

TECHNOLOGY

EXISTING

The company is engaged in the manufacture of injection moulded plastic components for original equipment requirements and injection moulding process is a standard technology. This technology is not licensed, and is generally used by all injection moulding companies globally.

PROPOSED

The company is essentially expanding its business in the same line and does not envisage any change in the technology.

MANUFACTURING PROCESS

EXISTING

The production process: In the injection moulding process, plastic material in form of granules are fed into the hopper of the injection molding machine. This raw material is then conveyed to an Injection cylinder where it gets heated and melted by an electrical band heaters which are fixed on the outer surface of the Injection cylinder and are also mixed with rotating screws which are inside the cylinder at a particular temperature.

When the material after heating is got into a liquid form is injected into the mould, which is set at a particular temperature with the help of the non-return valve and screw assembly, which is inside the mould.

The Plastic material is then allowed to cool inside the mould and the part is ejected out by a special ejection mechanism.

After the part is moulded the part is finished (if required) or if required the part goes through post moulding operations.

The Company has various post molding facilities viz Vacuum Metallsing , Pad Printing, Ultrasonic Welding, Hot Stamping facilities for assembly etc which add substantially to the value of the product.

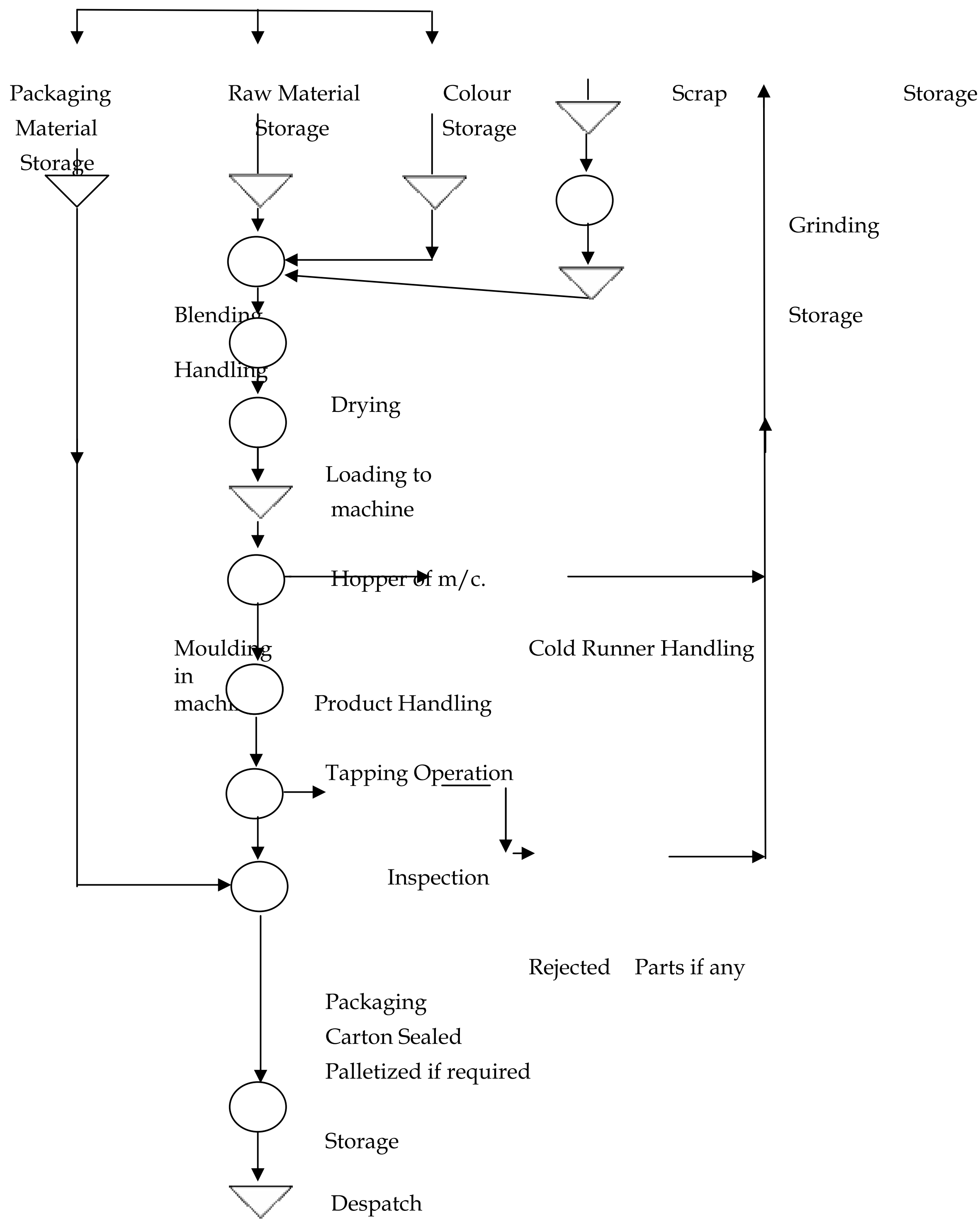
PROPOSED

The company is essentially expanding its present facilities and setting up new plants. And there is no change in the technology / manufacturing process in the new capacity being created by the company.

MANUFACTURING PROCESS CHART

The manufacturing process flow chart is as under

STEP WISE PROCESS / FLOW CHART



COLLABORATIONS

The Company does not have any collaboration.

RAW MATERIAL

PRESENT REQUIRMENT

The raw material required is polymers of various grades for various applications. The Company processes a mix of polymers right from the basic commodity plastics to the most complex engineering plastics. Polymers are sourced from various polymer-manufacturing companies in India & abroad. At time the company also sources imported raw material from indenting agents / traders who stock and sale this material.

PROPOSED REQUIRMENT

The company would require raw material based on the products to be manufactured as the raw material requirement for each product is different.

Raw material required for the manufacture of plastic components would be sourced from various domestic / foreign manufacturers. The company has already been buying raw material from these manufacturers.

Major raw material required would be
Polystyrene (HIPS)
Poly propylene (PPCP)
Polycarbonate
Nylon 6 (PA 6) < unfilled / filled >
POM

The above material would be sourced from manufacturers or their consignment agents directly. Some of the manufacturers of this material are
DSM Engineering Plastics
SRF Ltd.
GE Plastics ltd
Bayer Ltd
BASF ltd
Dupont South Asia
Reliance Industries Ltd.
LG Polystyrene Ltd.
Supreme Petrochemicals Ltd. and many others

The raw material required is available freely and the company does not anticipate any problems in sourcing the same.

POWER

The company's Halol, Rania & finishing plants draw power from the Gujarat Electricity Board. At the same time the company has DG sets for back up power at its Halol & Rania plants as a contingency measure. Details of connected power at the company's plants is as under

Existing	GEB	DG
Halol	275 KVA	150 KVA
Rania	400 KVA	250 KVA
Finishing	250 KVA	Nil

PROPOSED POWER REQUIREMENT
Power requirement for Phase I of the EOU unit is as under

Sources of power and supply voltage	State grid
-Taken from Electricity Board	250 KVA
- Own generation	Nil
- stand by arrangements	Nil
Maximum demand	250 KVA
Connected load	250 KVA
Peak hour requirements	250 KVA
Power tariff	As per the tariff of GEB

Connected load would be increased at Rania / Finishing / EOU plants as part of Phase II as under

	Present connected load	**Increased load**
Rania	400 KVA	500 KVA
Finishing	250 KVA	300 KVA
EOU	250 KVA	500 KVA

Power requirement for Phase III for Uttaranchal unit would be as under

Sources of power and supply voltage	State grid
-Taken from Electricity Board	500 KVA
- Own generation	Nil
- stand by arrangements	Nil
Maximum demand	500 KVA
Connected load	500 KVA
Peak hour requirements	500 KVA
Power tariff	As per the tariff of Uttaranchal SEB

WATER

EXISTING FACILTIES
The company's manufacturing process does not require lot of water. Water is mainly required for cooling which is circulated, while the other requirement for water is for domestic consumption. The company has its own bore wells at its respective plants and has the following infrastructure at its plants

- Bore well
- Water softening plant
- Chilling plant
- Cooling tower
- Pumps , etc

PROPOSED REQUIRMENT

The company's requirement for water in its manufacturing process is mainly for circulation & cooling. In addition water is required for domestic consumption in the office & plant. The Company would have its own bore well for meeting with its water requirements as part of Phase I.

WATER REQUIREMENT FOR EOU PHASE I

Make – up	Nil
Boiler –feed	Nil
Process	1000 liters / day
Hygiene purpose	2000 liters / day

WATER REQUIRMENT FOR PHASE III

Make – up	Nil
Boiler –feed	Nil
Process	2500 liters / day
Hygiene purpose	4000 liters / day

- **AIR**
  The company uses compressed air and has the necessary air compressors alongwith air driers & air tanks for meeting with its requirements .

- **FUEL**
  The company does not use any fuel except for diesel required for operating the DG sets.

- **MANPOWER REQUIREMENT**

  PRESENT
  The company's workers are from neighboring villages, while the staff comes from either Baroda / Halol . The company also employs workers on contract basis .

  The details of the present manpower of the company is as under

	Halol	**Rania**	**Finishing**	**Total**
Permanent workers	64	75	24	163
Contract workers	55	70	40	165
Staff	34	76	27	137
Total	**153**	**221**	**91**	**465**

PROPOSED REQUIREMENT

The company has a complete management team in place alongwith key executives in senior functional management manning key functions. This team would be mainly responsible for managing the growth of the company.

The company has already hired the following people for Phase I of its EOU plant.

Details of manpower requirements for Phase I is as under,

Includes staff employed in office and common functions at Rania.

Type of person	Nos.
Technical	3
Administrative	2
Supervisory	10
Skilled workers	15
Unskilled workers	10
Total	**40**

On completion of Phases I – III the total manpower requirement of the company would be as under

	Rania *	Finishing	Halol	EOU	Total
Staff					
Managerial	5	1	1	1	**8**
Technical	39	23	25	2	89
Officer / clerical	36	4	13	24	77
Total staff	**80**	**28**	**39**	**27**	**174**
Workers					
Permanent	73	21	67	15	176
Contract	65	15	45	35	160
Total workers	**138**	**36**	**112**	**50**	**336**
Total manpower	**218**	**64**	**151**	**77**	**510**

* includes personnel in common functions.

PRODUCTS / SERVICES OF THE COMPANY

EXISTING PRODUCTS:/SERVICES

The services provided by the Company are injection moulding, Heat Sealing, Assemblies, ultrasonic welding, Hot Stamping, Vacuum metallizing, painting, silicon hard coating, Pad printing, tool building, product design, mould design.

COMPETITION, KEY PLAYERS AND MARKET SHARE

COMPETITION & MAJOR COMPETITORS

Large part of the injection moulding industry operates in the unorganized sector. There are very few large integrated players who offer complete services under one roof.

Some of the companies who operate in the same line of business as the company are
Nypro Forbes (India) Pvt. Ltd.
Injectoplast Ltd
Motherson Sumi Systems Ltd.

MARKET SHARE

Since the market is highly fragmented, Industry data is not available.

APPROACH TO MARKETING & PROPOSED MARKETING SET – UP

Company works with customer's right from the development stage and looks at ways of maximizing production and reducing costs for the customer.

Company has all the necessary facilities/infrastructure required in addition to injection moulding, to offer a whole spectrum of services to the customer under one roof.

• **Product design**	• **Mould manufacture**
• **Mould design**	• **Component manufacture**

Company has positioned itself as a total solutions provider for customer's needs/problems. The company works very closely with its customer's right from the concept or the design stage by giving its technical inputs. Company also provides value addition services to its customers by offering them additional facilities such as pad printing, sonic welding, hot stamping, vacuum metallising, facilities for manufacture of sub assemblies etc.

The company is already exporting plastic components & sub assemblies to customers in the US & Europe for over 10 years and has also established a warehouse in the US for just in time (JIT) Supplies. The Company has a manufacturer's representative in the US who represents the company and develops business for the company.

The company's marketing efforts are spearheaded by the Managing Director and the company has a business development team which works in conjunction with the technical services team in providing technical solutions to the customers.

This team is responsible for developing new customer relationships.

The company also takes part in

- International plastics exhibitions & trade fairs
- Global internet bidding for various businesses thru online sites

which help in development of business & would help the company is developing additional business .

EXPORT POSSIBILITIES AND EXPORT OBLIGATIONS

EXPORTS IN LAST 5 YEARS

The company has been exporting plastic components, moulds & dies for the past 10 years to various companies in US, Europe & Asia.

Details of exports of the company for the past 5 years is as under

(Rs in lacs)

	2001.02	2002.03	2003.04	2004.05	2005.06
Exports	273.61	594.25	311.04	541.68	958.16

EXPORT OBLIGATIONS

As on 30th November 2006 Company has obtained 24 EPCG License, As per the licensing requirements under the said scheme, Company are required to export goods of defined amount within a specific time period, failing which company has to make payment to the government of India equivalent to the duty benefits enjoyed by the company under the scheme along with interest

The Details of EPCG Licenses already obtained and which have not been redeemed

Sr. No	Authorisation No	Authorisation Date	CIF Value (Rs)	EO fixed in freely convertible currency	Whether entitled for BG/LUT	%age of EO fulfilled	Expiry Date of EO period
01	0137740	26.05.2000	5948800.00	$ 676000.00	LUT	100.00	26.05.2008
02	3410000001	27.06.2000	3203200.00	$ 291200.00	LUT	100.00	27.06.2008
03	3410000046	08.03.02	449904.00	$ 46865.00	LUT	100.00	08.03.2010
04	3430000296	22.06.04	3450000.00	$ 213771.00	LUT	100.00	22.06.2012
05	3430000334	05.08.04	2046000.00	$ 125818.00	LUT	100.00	05.08.2012
06	3430000338	06.08.04	4827165.00	$ 296844.00	LUT	100.00	06.08.2012
07	3430000341	12.08.04	1369425.00	$ 84212.00	LUT	100.00	12.08.2012
08	3430000370	10.09.04	117500.00	$ 7194.47	LUT	100.00	10.09.2012
09	3430000392	06.10.04	755760.00	$ 46481.00	LUT	100.00	06.10.2012
10	3430000393	06.10.04	1128000.00	$ 69374.41	LUT	100.00	06.10.2012
11	3430000413	02.11.04	424080.00	$ 26116.00	LUT	87.34	02.11.2012
12	3430000419	08.11.04	1292840	$ 79618.00	LUT	77.56	08.11.2012
13	3430000504	08.02.05	594000.00	$ 37678.00	LUT	100.00	08.02.2013
14	3430000505	08.02.05	1166850.00	$ 74015.00	LUT	100.00	08.02.2013
15	3430000530	17.03.05	1540000.00	$ 78917.00	LUT	100.00	17.03.2013
16	3430000539	22.03.05	2460920.00	$ 126067.00	LUT	100.00	22.03.2013
17	3430000540	22.03.05	1408000.00	$ 72128.00	LUT	85.00	22.03.2013
18	3430000554	20.04.05	1955610.00	$ 97988.00	LUT	75.00	20.04.2013
19	3430000603	24.06.05	6523425.00	$ 326863.00	LUT	88.00	24.06.2013
20	3430000619	20.07.05	4239840.00	$ 217270.00	LUT	100.00	20.07.2013
21	3430000663	07.09.05	8157600.00	$ 418035.00	LUT	34.00	07.09.2013
22	3430000664	07.09.05	1476200.00	$ 33550.00	LUT	55.00	07.09.2013
23	3430000895	11.08.06	2676729.00	$ 453682.88	LUT	0 %	11.08.2014
24	3430000952	23.11.06	590272.00	$ 103670.00	LUT	0 %	23.11.2014
	Total			$ 4045455.92			

BUSINESS STRATEGY

- **ENHANACING CUSTOMER BASE**- The export potential for engineering plastics products is very encouraging. Company aims to do this by effectively leveraging their marketing skills and relationships and further enhancing customer satisfaction.
- **EXPANSION OF EXISTING FACILITIES**-The Company proposed to expand its existing facilities by manufacturing of its existing products.
- **TOTAL SOLUTION PROVIDER –** Company associates itself with clients at all stages i.e. product design, development, cost reduction; value addition production etc. and thereby positioned itself as a "Total solution provider".

THE DETAILS OF TOP TEN CUSTOMERS FOR THE PERIOD ENDED ON 30.09.2006

Sr. No.	Name	Gross Turnover as on 30.9.06 (Rs in lacs)	%
1	Secure Meters Ltd	325.06	13.69
2	Siemens Limited	250.78	10.56
3	Bharat Cosmetics	220.69	9.29
4	Ikea Trading	213.35	8.98
5	Aero Phrama	194.69	8.20
6	ABB Limited	187.83	7.91
7	P & G	155.22	6.54
8	Copeland USA	121.24	5.11
9	General Electrics Co. USA	93.70	3.95
10	Therm -O- Disc	78.47	3.30
		Total	**77.53**

FUTURE PROSPECTS
Overall Future Demand Supply Position

With domestic demand for plastic products increasing at a rate of 8% - 10% over the medium term, their would be potential for further growth. The low capacity utilisation of 65% is an industry feature and not an indicator of overcapacity. According to a forecast from published source, there would be requirement of around 50,000 new machines over the period 1999-2010.

Additional Machines requirement from 1999-2010

	1999	2010	Additional Machines
Injection Moulding	27600	52200	24600
Blow Moulding	4400	11700	7300
Extrusion	14000	29400	15400
Others	3500	7800	4300
Total	49500	101100	51600

Compiled by INGRES

Notwithstanding the temporary decline in demand during 2002-03 after a significantly high growth of over 10% every year for the last two decades, the demand for plastic products in the country is likely to continue to grow, albeit, at a slower rate of around 8%-10% per annum over the medium term. This is likely to result in demand for additional machines (for processing plastics) and thus, higher growth opportunities for the plastic processing companies.

The future performance of the organised sector would additionally, critically hinge upon the removal of reservation policy of GoI towards Small Scale Sector Industries (SSIs). The rationale for the removal of plastic products from the list of products reserved for SSIs draws from possible economies of scale, use of modern technology and better ability of larger firms to export and compete with imports. Recognising this, committees set up by the Government of India to review the policy regarding SSIs, have suggested removal of plastic products from the list of items reserved for SSIs. However, many items still continue to be reserved.
(Source: www.icraindia.com)

Company is uniquely poised to take advantage of this opportunity. The advantages for the company are

- Experience of working with demanding customers for the past 8 years in the US.
- Understanding of logistics requirements of overseas customers and having established a presence in the US

CAPACITY AND CAPACITY UTILISATION:
The installed/utilized capacity of injection moulding machines cannot be specified as the same is dependant on the mould, raw material, no of cavities & other relevant details.

INSURANCE
The companies maintain number of insurance policies for the different risk involved in the operations of the business. The various type of cover include

Comprehensive Fire perils policy
Marine insurance
Vehicle insurance
Money in transit
Machinery Break down
Group Personal Accident policy

The company's insurance covers the entire plant & machinery, inventories at all plants, goods in transit, vehicles, machinery break down & employees. The current levels of the company insurance cover are adequate to cover the present assets of the company.

The company would be taking adequate insurance commensurate with its project costs, to cover project risks including transit risks at the time of project implementation

As on 30.09.2006 the total amount of insurance coverage in respect above mentioned policies is Rs 5342.37 lacs.

PROPERTY

Purchase of Property:

Sr No	Property	Details of Vendors /Owners	Consideration Rs.	Nature of Title / Interest	Type of Facility
1	Survey # 363 **	Shri Kanubhai Natthubhai Patel & others	605,000.00	Ownership held by Shaily Engineering Plastics Ltd.(SEPL)	Open land
2	Survey # 366 **	Shaily Technologies Pvt. Ltd.	100,000.00	Ownership held by Shaily Engineering Plastics Ltd. (SEPL).	Rania complex
3	Survey # 364/1 **	Shaily Technologies Pvt. Ltd.	175,000.00	Ownership held by Shaily Engineering Plastics Ltd.(SEPL).	Rania complex
4	Survey # 364/1 **	Bhikhabhai Shankarbhai Patel	110,950.00	Ownership held by Shaily Engineering Plastics Ltd. (SEPL).	Rania complex
5	Survey # 364/2 **	Haribhai Paragbhai & others	136,850.00	Ownership held by Shaily Engineering Plastics Ltd. (SEPL).	Rania complex
6	Survey # 364/2 **	Haribhai Paragbhai & others	176,540.00	Ownership held by Shaily Engineering Plastics Ltd. (SEPL)	Rania complex
7	Survey # 364/3 **	Natvarbhai Rambhai Patel & others	183,600.00	Ownership held by Shaily Engineering Plastics Ltd. (SEPL)	Rania complex
8	Survey # 364/3 **	Natvarbhai Rambhai Patel & others	183,600.00	Ownership held by Shaily Engineering Plastics Ltd. (SEPL)	Rania complex
9	Survey # 364/3 **	Vitthalbhai Rambhai Patel & others	75,110.00	Ownership held by Shaily Engineering Plastics Ltd. (SEPL)	Rania complex
10	Plot # 706, 707 & 708 **	GIDC	Allotment charges- For 706- Rs 207000/. For 707- RS 92000/- For 708 Rs 227000/-	Lease is for 99 years Starting from For Plot 706- from the year 1996 For Plot 707 from the year 1986 For Plot 708 for the year 1995	Halol plant

11	Gr Floor, 8, J P Nagar, opp Aviskar complex, old padra road, Baroda	Tilottama Sanghvi	70000 PM	Lease Agreement	Correspondance Office.
12	51 Dariyastha Street, Vadgadi, Mumbai	M/s Shah Kanji Raichand & Co	25000 PM	Lease Agreement	Registered Office

**** The properties are mortgaged to State Bank of India for various facilities granted to the company.**

Except otherwise stated under the section "Object of the issue "on page no [.] of this Draft Prospectus and as herein mentioned above There is no property which the Company has purchased or acquired or proposed to be acquired, which is to be paid for wholly, or in part, from the net proceeds of the present issue or the purchase or acquisition of which has not been completed on the date of these Draft Prospectus, other than property in respect of which:

The Contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the issue contemplated in consequence of the contracts; or

The amount of the purchase money is not material.

<u>THE COMPANY FINANCIAL INDEBTEDNESS:</u>

Name of the Lender/Nature of Loan	Sanction Amount (Rs in Lacs)	Loan Documentation	Amount Outstanding as on 30.09.2006 (Rs in Lakhs)	Interest Rate	Repayment Schedule	Security Created
State Bank of India, Industrial Finance Branch, Race Course, Baroda Working Capital Facilities & Corporate and Term Loan	2811.00	Deed of Hypothecation and Deposit of Title Deeds	351.35	Cash Credit at 12.25% p.a. and Term Loan at 10% p.a. payable at monthly rests.	New Term Loan repayable in 20 quarterly installments of Rs.0.24 crore each with final 20th installment of Rs.0.29 crore after a moratorium period of 9 months from the date of initial disbursement	Mortgage of Immovable properties at Survey # 366, 364/1-2(A), 364/3 at Village Rania – 391 780, Taluka Savli, Dist. Baroda, Plot # 706,707 and 708 at GIDC, Halol

					.	
Citicorp Finance (I) Ltd. Arundeep Complex, Race Course, Baroda Auto Loan	6.90	Loan Agreement	3.65	6% p.a approx	35 EMI of Rs.21505.00	Eicher Bus # GJ6x-9954
Citicorp Finance (I) Ltd. Arundeep Complex, Race Course, Baroda Auto Loan	4.45	Loan Agreement	2.21	6% p.a approx	35 EMI of Rs.13870.00	Eicher Bus # GJ17X-352
HDFC Bank Ltd. Arun complex, 36, Alkapuri, Baroda Auto Loan	4.25	Loan Agreement	1.41	6% p.a approx	36 EMI of Rs.12,877.00	GJ6BA-3242
HDFC Bank Ltd. Arun complex, 36, Alkapuri, Baroda Auto Loan	8.49	Loan Agreement	2.83		36 EMI of Rs.23,611.00	GJ6BA-4271

KEY INDUSTRY- REGULATIONS:
The following regulations and legislations are the significant laws which broadly govern this industry in India:

Excise Regulations:
The Central Excise Act, 1944 seeks to impose an excise duty on specified excisable goods, which are produced or manufactured in India. However, the Government has the power to exempt certain specified goods from excise duty, by notification. The rate at which the said duty is sought to be imposed is contained in the Central Excise Tariff Act and presently attracts an excise duty at the rate of 16% of the value of the goods calculated in accordance with the said Act. An additional 2% education cess has been levied and therefore, the aggregate excise duty is 16.32% ad valorem.

Customs Regulations:
All imports to the country or export from the country are subject to duties under the Customs Act, 1962 at the rates specified under the Customs Tariff Act, 1975. However, the Government has the power to exempt certain specified goods from customs duty, by notification. An import duty of Basic 12.50% is levied on the value of the company raw material.

Environmental and other Regulations:
The company has to comply with the provisions of Environment Protection Act, 1986, Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981. The company's is an Engineering Company and therefore there is no need for affluent disposal.

There are other legislations such the Factories Act, 1948 and various other Labour legislations, which are also applicable to manufacturing companies such as ours.

HISTORY AND CORPORATE STRUCTURE OF THE COMPANY:

Shaily Engineering Plastics Ltd. (SEPL) was formerly called Anmol Trading Company Ltd. (ATCL). ATCL was incorporated on 18th April 1980 and obtained certificate of commencement of business on 24th April 1980 .Company obtained fresh certificate of incorporation on change of name tpo Shaily Engineering Plastics Limited on 15th January 2003.

In the year 1995 Shaily Group Holdings Pvt Ltd (SGHPL), Enplas Management Consultants Private Limited (EMCPL), Mr Mahendra Sanghvi, Mr Laxman Sanghvi and Mrs Tilottama Sanghvi have acquired 30,000 Equity shares of Anmol Trading Company Ltd at a negotiated price of Rs 19.50 through MOU dated 9th March , 1995, entered into with Paragon Group Comprising of various companies, firms and individuals holding controlling stake of Anmol Trading Company Limited thereby acquiring 60% of the paid up capital of Anmol Trading Company limited and thereby triggering the takeover code.

In compliance with SEBI Regulation on substantial Acquisition of shares and takeovers, 1994, EMCPL (on behalf of Acquirers) has made an open offer for purchase of 10,000 equity shares representing 20% of the voting capital of Anmol Trading company limited at a price of Rs 39 per share i.e. to the equity shareholders of ATCL in the year 1997.the offer opened on January, 27 1997 and closed on February 24, 1997. The Company did not receive any offers from the shareholders, thus receiving nil shares in the open offer.

Shaily Engineering Plastics Ltd. (SEP),Shaily Plastic Finishing Ltd.(SPFL),Shaily Technologies Pvt. Ltd. (STPL) , Shaily Group Holdings Pvt. Ltd. (SGHPL) , Enplas Management Consultants Pvt. Ltd. (Enplas),RT Shaily India Pvt. Ltd. (RTSIPL) & Mahendra Sanghvi Investments Pvt. Ltd. (MSIPL) were merged into the company wef 1st April 2001 . The objective of the merger was consolidation of the business of the group into one entity. The approval of the Honorable High Courts at Mumbai & Gujarat was obtained on 18th November 2002 & 14th August 2002 respectively, for the same.

57, 82,500 no of Equity shares issued by the company pursuant to the scheme of the amalgamation (For details please refer the section "Scheme of amalgamation" on page no **[.]** of this draft prospectus) are not listed on the Bombay Stock Exchange limited. The Company has received the letter DCS-\SG\RCG\2004 dated 25th February ,2004 from Bombay Stock Exchange asking the company to go for an offer for sale/or FPO in order to raise the non promoter shareholding to the minimum level as required under SEBI (DIP) Guidelines.

Shaily Engineering Plastics limited was the main company of the group and was engaged in the business of manufacture of precision injection moulded plastic components, moulds & dies and sub assemblies for Original Equipment Manufactures requirements. Shaily Plastics Finishing Limited was the other manufacturing company which was also engaged in the same business as Shaily Engineering Plastics limited and had facilities for vacuum metallising . the benefits of amalgamation with Shaily Engineering Plastics Limited was that Vacuum metallsing essentially offers the company, facilities of addition substantial value addition to the injection moulded plastic components manufactured by the company.

Shaily Engineering Plastics Limited today has three plants two located at Rania and one at Halol with the fourth plant (EOU facility) being set up in Rania .

Initially the Halol plant (located 50 kms from Baroda) started with two injection moulding machines imported from Nissei Plastic Industrial Company Ltd., Japan . The Halol plant was subsequently expanded thrice between 1987 – 1995 and today there are **13** moulding machines of varying capacities. At the Halol plant the company has facilities for moulding of thermoplastic & thermoset raw materials. In addition the Halol plant has a fully equipped tool room , quality control facilities for testing of plastics & plastic components .

The plastic finishing plant (erstwhile Shaily Plastic Finishing Ltd) was established in 1992 and further expanded in 1996 . The plant was originally set up for undertaking vacuum metallsing on plastic components with the complete vacuum metallsing process being undertaken in a totally dust free environment. This plant has facilities for vacuum metallising, hot stamping, painting, assembly. The plant also has injection moulding facilities for moulding of medical components / parts. This plant has **8** injection moulding machines of varying capacities.

The company established its Rania plant (located at 25 kms from Baroda), during 1995 . the Rania facility . The company set up this facility with a total of eight injection moulding machines This facility was subsequently expanded and the company added facilities for pad printing, sonic welding, high-speed pad printing, hot stamping, assembly etc to its facilities in addition to augmenting the injection moulding facilities at Rania. Today this plant has **15** injection moulding machines of varying capacities with facilities for processing thermoplastic, thermoset & DMC materials.

The company established the EOU plant at Rania in July 2006. This facility has been set up with an initial capacity of 5 injection moulding machines, which would be expanded gradually. At present the EOU plant caters exclusively for meeting requirements of IKEA.

At present spread over its Halol, Rania Finishing & EOU plants, SEPL has **43** injection moulding machines of varying capacities with facilities for thermoplastic / thermoset / DMC injection moulding. The company also has facilities for pad printing, vacuum metallsing, painting, sonic welding, high-speed printing, hot foiling, hot stamping, assembly, etc which add value to the plastic components produced by the company. The company also has a fully equipped tool room at reach of its plants which is primarily responsible for maintenance of moulds and also has capacity to manufacture @ 20 moulds per year .

Company has obtained following quality certifications, which are valid till 13th May 2007 for all its three plants

- ISO TS 16949 / 2002 which is the latest quality certification and adopted by American , European & Japanese automakers and is slated to replace QS 9000 by 2005 and would be future standard for all quality certifications .
- ISO 9001 : 2001 including design .

In addition Company has also obtained UL approval for manufacture of parts for specific customers at its Rania plant.

Company essentially manufactures precision injection moulded plastic components, moulds, dies & sub assemblies for various Original Equipment Manufacturers requirements. Company supplies only to OE customers who are known to be extremely demanding in terms of quality & deliveries.

Major customers of the company includes

1. Procter & Gamble
2. Hindustan Lever Ltd. Through its contract manufacturers viz. Aeropharma / Bharat Cosmetics
3. IKEA Trading
4. Siemens Ltd

5. Secure Meters Ltd
6. ABB Ltd.
7. General Electric Company and its subsidiaries viz., GE Appliances.
8. Emerson Electric Company and its various subsidiariesviz. Copeland USA , Therm-O-Disc USA.

MAJOR EVENTS IN THE HISTORY OF THE COMPANY:

Year	Events
1980	Incorporation of Anmol Trading Company Limited (Anmol)
1987	Halol plant set up
1991	Shaily Plastics Finishing Ltd (Finishing division) set up. Finishing plant set up for vacuum metallising
1995	Takeover of Anmol by Mr. Mahendra Sanghvi & others, Promoters of Shaily Engineering Plastics Limited
1995	Appointment of Mr. Mahendra Sanghvi, Mr. Laxman Sanghvi and Mrs. Tilottama Sanghvi as Directors of the Company.
1995	Shaily Engineering Plastics Ltd sets up Rania plant at the Rania complex of the company.
1995	Establishment of Plant at Rania
1996	Open offer for acquiring shares from public in compliance of takeover code
1997	Obtained ISO 9000:1996
1997	Expansion of Halol Plant
1997	Expansion of Rania Plant
2001	Amendment of Memorandum of Association – Insertion of New Main Object Clause
2001	Merger of Shaily Engineering Plastics Limited (SEPL) Shaily Plastic Finishing Ltd.(SPFL),Shaily Technologies Pvt. Ltd. (STPL) , Shaily Group Holdings Pvt. Ltd. (SGHPL) , En-plas Management Consultants Pvt. Ltd. (Enplas),RT Shaily India Pvt. Ltd. (RTSIPL) & Mahendra Sanghvi Investments Pvt. Ltd. (MSIPL) were merged with the company wef 1st April 2001 .
2002	Obtained ISO TS 16949 / 2002
2003	Change of Name of Anmol Trading Company Limited to Shaily Engineering Plastics Limited
2005	Expansion of Finishing Division
2006	Set up 100% EOU at Rania
2006	Awarded the Highest recognition for exports of engineering plastic components for FY 2005.06 by The Plastics Exports promotion council.

Main Objects of the Company:

The main object of the company as stated in the Memorandum of Association of the Company is:

1) To establish maintain and carry on in India and abroad all or any one or more of the business of manufacturing, buying, selling, importing, exporting, assembling, altering, improving, moulding, remoulding, developing, refining, fabricating, converting, exchanging, repairing, hiring, supplying, distributing and otherwise dealing in all kinds of plastics, fibers, polyesters, polymers, of every kinds, all kinds of metals & alloys and to make therefrom – all kinds of articles, goods products, components, sub-components and substance in any form and shape for use in any consumer, intermediary and industrial industries.

a To carry on the business as merchants, traders, distributors, commission agents, buying agents, selling agents, brokers, adatias, buyers, sellers, importers, dealers in, collectors, and to import, export, buy, sell, barter, exchange, advance upon or otherwise trade and deal in dyes, chemicals, textile auxiliary materials, machinery, equipments, components, spare parts, goods, produce, articles and merchandise of all kinds and allied products as wholesalers, retailers or on commission basis or for brokerage.

b. To carry on the trades or business of preparing, combing, spinning, doubling, twisting, false-twisting, texturising, imparting, crimp, fancy yarn making, sizing, weaving, knitting, bleaching, processing, dyeing, printing, finishing, raising, working or manufacturing, in any way whatever cotton, wool, silk, flax, hemp, jute, artificial silk, rayon, nylon and other fibrous or textile substance, whether animal vegetable, or substances or not, and to treat, □emater and deal in any waste arising from any such operations and to manufacture felted, knitted, looped and embroidered fabrics lace and other types of manufactured, processed, or decorated fabrics, and to manufacture coated or laminated fabrics.

CHANGES IN MEMORANDUM OF ASSOCIATION OF THE COMPANY

Date of Amendment	Amendments
29.09.2001	Clause IIIA – Main object clause has been changed
31.12.2002	Clause V – Increase in Authorised Share Capital from Rs.25 lacs to Rs.7 crores.
21.07.2004	Clause V – Increase in Authorised Share Capital from Rs.7 crores to Rs.10 crores
29.05.2006	Clause V – Reclassification of Authorized Share Capital

CHANGES IN REGISTERED OFFICE OF THE COMPANY

FROM	To	Date of Change	Reason for change
1004 Raheja Center , 214 Backbay Reclamation, Nariman Poin, Mumbai 400021	Hamam House , Ambalal Doshi Marg , Mumbai 400023	19th December 1980	---
Hamam House, Ambalal Doshi Marg,Mumbai 400023	51, Dariyasthan Street, Vadgadi, Mumbai- 400 003.	10th March 1995.	Change in Ownership

SUBIDIARIES OF THE ISSUER COMPANY, IF ANY AND THEIR BUSINESS

There are no subsidiaries of the Company.

SHAREHOLDERS' AGREEMENT

There are no shareholders agreements signed between any shareholders or otherwise which the company is aware of.

OTHER AGREEMENTS

Except Contracts / Agreements entered into in the ordinary course of the business carried on or intended to be carried on by the Company, the Company has not entered into any other Agreement / Contract.

FINANCIAL / STRATEGIC PARTNERS

There are no financial or strategic partners.

3. MANAGEMENT OF THE COMPANY

The Company functions under the control of a Board consisting of professional Directors. The day-to-day matters are looked after by qualified key personnel, under the supervisions of the Managing Director.

Name, Age, Occupation, Designation and Address	Date of Appointment	Qualification	Other Directorships	Current term of office	Date of current term of office.	Compensation (in Rs.) (2005 – 2006)
Mr Hasmukh Shah 72 years Chairman Business 15, Dhanushya Society, Sama Road, Baroda – 390 015	7.12.2002	B.A.	Gujarat Gas Company Limited. Sun Pharmaceuticals Industries Ltd. Supreme Petrochem Ltd. Atul Limited Cosmo Films Ltd. Deepak Nitrite Ltd. Oswal Multimedia K.I.D. Ltd. Micro Inks Limited Dinesh Remedies Ltd.	Retire by rotation	AGM to be held in 2009	NIL
Mr Mahendra Sanghvi 57 years Managing Director Industrialist 8, J.P. Nagar, Old Padra Road, Opp. Aviskar Complex, Baroda – 390 015	9.03.1995	BSc(Chem) BS(Chem Eng)	Stallion Textiles Ltd. Sunido Textiles Ltd. Stanford Leasing & Finance Ltd. Shaily-IDC (India) Private Limited Panax Appliances Pvt. Ltd. Munjal Auto Industries Ltd	3 years	1.9.06 to 31.8.09	32.42 lacs
Mr Laxman Sanghvi 48 years	9.03.1995	M.Com, LLB,	Stallion Textiles Ltd. Sunido Textiles	5 years	1.07.2003 to 30.06.20	19.83 lacs

Executive Director Industrialist 8, Rokadnath Society, Opp. Union Bank of India, Gotri Road, Race Course (South), Baroda – 390 007		CA	Ltd. Stanford Leasing & Finance Ltd. Shaily-IDC (India) Private Limited Panax Appliances Pvt. Ltd.		08	
Mr Tillottama Sanghvi 57 years Whole time Director Industrialist 8, J.P. Nagar, Old Padra Road, Opp. Aviskar Complex, Baroda – 390 015	9.03.1995	BSC	Stallion Textiles Ltd. Sunido Textiles Ltd. Stanford Leasing & Finance Ltd. Shaily-IDC (India) Private Limited	5 years	1.6.2006 to 31.5.11	Nil
Mr Bharat Sanghvi 53 years Director Service 45, Wintermute Blvd, Scarborough, Ontario, MIW 3M7, Canada	7.12.2002	B.com	NIL	Retire by rotation	AGM to be held in 2007	NIL
Mr Jayesh Shah 48 years Director Businessman 45, Kailash Sadan, B/h Aurora Cinema, Kings Circle, Mumbai – 400 019	7.12.2002	B.Com	Panax Appliances Private Limited	Retire by rotation	AGM to be held in 2010	NIL
Mr Nilesh Mehta 44 years Director	7.12.2002	C.A., PGDM	Panchmahal Steel Ltd. Jyothy Laboratories Ltd.	Retire by rotation	AGM to be held in 2008	NIL

Investment Banker Bldg # 1, Flat # 2, Saraswat Colony, Bh. Arya Samaj Marg, Off Linking Road, Santacruz(W), Mumbai – 400 054			Vikalpa Financial & Management Services Pvt. Ltd. Venture India Advisors Pvt. Ltd. Infinity India Advisors Pvt. Ltd. Zenext Advisors Pvt. Ltd. EIndia Venture Fund Ltd. EIndia Venture Fund Management Ltd. EIndia Venture Holding Co. Ltd. Aureos India Advisors Pvt. Ltd. Aureos India Trustees Pvt. Ltd.			
Mr V B Buch 66 years Director Retired IAS Plot # 139, Sector 8, Gandhinagar	29.11.2003	B.A., IAS	Gujarat Insecticide Ltd. Agrocell Industries Ltd. Steelcast Limited Excel Crop Care Ltd.	Retire by rotation	AGM to be held in 2008	NIL
Mr Sarup Chowdhary 61 years Director Service 2B, Shree Vijaya Bhavan, Altamount Road, Mumbai – 400 026	27.04.2006	Chemical Engineering from IIT, Delhi	Inference Systems Ltd. Internet PaperNext.com India Ltd Internet PetrochemNext.com Ltd Internet ExchangeNext.com Ltd Reliance Webstore limited. Netcom India Pvt. Ltd.	Retire by rotation	AGM to be held in 2009	NIL
Mr A S Anand Kumar 59 years Director	07.12.2002	CAIIB, Master degree	Value Vision Consultants Private limited Sujana Capital	Retire by rotation	AGM to be held in 2007	NIL

Investment Banker 502, Glen Eagle, Tata Colony, Parel Tank Road, Parel, Mumbai – 400 012		in Mathe matics.	Services Ltd.			

PROFILE OF THE DIRECTORS OF THE COMPANY IS GIVEN BELOW:

1. **Mr. MAHENDRA SANGHVI-** age 57 years, is a Chemical Engineer from Wayne State University USA, plastics technologist and has done Diploma MBA from Toronto University, Canada. He looks after all the day-to-day operations of the company and also looks after business development. He was working in North America, in the plastics industry before he decided to come to India and set up Shaily Engineering Plastics limited. He has 32 years of experience in the plastics industry in India as well as in North America. He was Co-Chairman Overseas of Plastindia Foundation He has been the Managing Director of Shaily Engineering Plastics limited, for the past 18 years and is principally responsible for its stupendous growth and recognition globally.

2. **Mr. LAXMAN SANGHVI** age 48 years**,** is a Chartered Accountant & Law graduate He is the Executive Director of the company and looks after all the manufacturing, purchasing & commercial operations of the company. Prior to setting up Shaily Engineering Plastics Limited he was having his own independent Chartered Accountancy practice. He is a member of the audit committee and Shareholders / investors grievance committee of the Board and is the President of Panchmahals Industries Association.

3. **Mrs. TILOTTAMA SANGHVI** age 57 years**,** a science graduate and has worked with companies in Canada for @ 8 years. She is whole time Director of the company and looks after the Finishing plant, administrative functions & Stores operations.

4. **Mr BHARAT SANGHVI** age 53 years**,** a commerce graduate and an NRI settled in Canada. He is the Vice President with Sanwa Bank in Canada.

5. **Mr JAYESH SHAH** age 48**, a** commerce graduate. He is having his own business of manufacture and sale of real sari & embroidered wedding clothes.

6. **Mr HASMUKH SHAH** age 72 years**,** an Arts graduate. He was the ex Chairman & Managing Director of IPCL. He has also been the Personal Secretary to Prime Minister. Mr. Hasmukh Shah is currently on the Board of various companies including Chairman of Gujarat Gas Company limited & Gujarat Ecology Commission. .

7. **Mr NILESH MEHTA** age 44 years, is a Chartered Accountant & PGDM from IIM Ahmedabad. He is a reputed investment banker & venture capitalist and currently Director of Infinity India Advisors Pvt Ltd. & Aureos India Advisors Pvt. Ltd. (venture capital funds) . He is managing venture capital funds and is well versed in the Indian & global financial markets.

8. **Mr A S ANAND KUMAR** age 59 years**,** holds a Masters degree in mathematics and is a Certified Associate Indian Institute of Bankers , an ex banker and currently Managing Director of Value Vision Consultants Pvt. Ltd. a financial advisory firm. Mr. Anand Kumar was previously with SBI Capital

Markets Ltd, State Bank of India & has been the Managing Director Meghraj Financial Services (I) Pvt Ltd amongst others.

9. **Mr V B BUCH** age 66 years**,** IAS and Ex principal secretary Government of Gujarat brings administrative experience to the Board. During his career Mr V.B Buch has held several senior level appointments in the State & Central Government.

10. **Mr SARUP CHOWDHARY** age 61 years, is a Chemical Engineer from IIT Delhi and is having experience in plastics field for 35 Years . He is currently Director & CEO of Reliance Webstores Ltd. He was earlier Director (Marketing) with IPCL and subsequently Managing Director & President of GE Plastics India Ltd. and was responsible for setting up of the Indian operations of GEPI. Prior to Reliance Webstores , Mr Chowdhary had been with Reliance Industries Ltd.

DETAILS OF THE BORROWING POWERS

Vide a resolution passed at the Annual General Meeting of the Company held on 29th May ,2006, consent of the members of the Company was accorded to the Board of Directors of the Company pursuant to Section 293(1)(d) of the Companies Act, 1956 for borrowing from time to time any sum or sums of money which together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), shall not exceed in the aggregate at any one time Rs.100 crores (Rupees one hundred crores only) over and above the paid up capital and free reserves of the company.

COMPENSATION OF MANAGING / WHOLE TIME DIRECTORS

MR MAHENDRA SANGHVI

Pursuant to provision of section 269, 198, 309, 310 and 311, read with schedule XIII of the companies Act,1956, Mr Mahendra Sanghvi was reappointed Managing Director at a meeting of the Board of Directors of the company held on 27th April 2006 which was approved by the shareholders at the Annual General Meeting held on 29th May 2006 for a period of 3 years w.e.f. 1st September 2006.

The remuneration of Mr Mahendra Sanghvi is as under
Basic Salary Rs 150,000/- per month
Perquisites Rs 100,000/- per month
In addition to the above he shall also be eligible for following benefits.
Contribution to Provident Fund, Superannuation Fund or Annuity Fund.
Gratuity payable as per rules of the Gratuity Act, 1972
Encashment of leave as per the rules of the Company.
Where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above.

MRS TILOTTAMA SANGHVI

Pursuant to provision of section 269, 198, 309, 310 and 311, read with schedule XIII of the companies Act,1956 Mrs. Tilottama Sanghvi was reappointed Whole Time Director at a meeting of the Board of Directors of the company held on 27th April 2006 which was approved by the shareholders at the Annual General Meeting held on 29th May 2006 for a period of 5 years w.e.f. 1st June 2006.

The remuneration of Mrs Tilottama Sanghvi is as under :

Basic Salary Rs 40,000/- per month
Perquisites Rs 35,000/- per month
In addition to the above she shall also be eligible for following benefits.
Contribution to Provident Fund, Superannuation Fund or Annuity Fund.
Gratuity payable as per rules of the Gratuity Act, 1972 and

Encashment of leave as per the rules of the Company.
Where in any financial year during the currency of the tenure of the Wholetime Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above

MR LAXMAN SANGHVI

Pursuant to provision of section 269, 198, 309, 310 and 311, read with schedule XIII of the companies Act, 1956, Mr Laxman Sanghvi was reappointed Executive Director at a meeting of the Board of Directors of the company held on 4th May 2003 which was approved by the shareholders at the Annual General Meeting held on 30th, June 2003 for a period of 5 years wef 1st July , 2003.

The remuneration of Mr Laxman Sanghvi is as under:
Basic Salary Rs 87,500/- per month
HRA Rs 35,000/- per month
Perquisites Rs 40,000/- per month
In addition to the above he shall also be eligible for following benefits.
Contribution to Provident Fund, Superannuation Fund or Annuity Fund.
Gratuity payable as per rules of the Gratuity Act, 1972 and
Encashment of leave as per the rules of the Company.
Where in any financial year during the currency of the tenure of the Wholetime Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS:

The Company stands committed to good Corporate Governance – transparency, disclosure and independent supervision to increase the value of the company stakeholders. The Guidelines issued by SEBI in respect of the Corporate Governance are applicable to the Company. The Corporate Governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and the constitution of the Board Committees, majority of them comprising of independent directors. Committees of the Board have been constituted in order to look into the matters in respect of compensation, shareholding, audit, etc, details of which are as follows:

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Board of Directors of Shaily Engineering Plastics Ltd. are committed to ensure that the highest standards of corporate governance are implemented and practiced in the company as an integral part of discharging its responsibilities to protect and enhance shareholders' value. The Board understands that effective corporate management and control (corporate governance) today are almost as important for investors' decision as the economic performance of a company or that of its share. The Company continuously monitors developments in the area of corporate governance, and leads in developing and implementing best corporate governance practices

COMPOSITION OF BOARD OF DIRECTORS

Name	Designation	Status
Mr. Hasmukh Shah	Chairman	Non Executive and Independent Director
Mr. Mahendra Bhogilal Sanghvi	Managing Director	Executive & Non Independent Director
Mrs. Tilottama Mahendra Sanghvi	Wholetime Director	Executive & Non Independent Director
Mr. Laxman Bhogilal Sanghvi	Executive Director	Executive & Non Independent Director

Mr. Bharat Bhogilal Sanghvi	Director	Non Executive & Non Independent Director
Mr. Jayesh Shah	Director	Non Executive & Non Independent Director
Mr. Nilesh Bansilal Mehta	Director	Non Executive and Independent Director
Mr. A.S.Anand Kumar	Director	Non Executive and Independent Director
Mr. Vinayak B.Buch	Director	Non Executive and Independent Director
Mr Sarup Chowdhary	Director	Non Executive and Independent Director

AUDIT COMMITTEE

The Audit Committee provides directions to and reviews functions of the Audit Department. The Committee evaluates internal audit policies, plans, procedures and performance and reviews the other functions through various internal audit reports and other year-end certificates issued by the statutory auditors. Quarterly and Annual Accounts will be reviewed by the Audit Committee, prior to their presentation to the Board along with the recommendations of the Audit Committee. Besides, Audit Committee will be authorized to exercise all such powers as are required under the amended Clause 49 of the Listing Agreement.

COMPOSITION OF AUDIT COMMITTEE:

Sr. No	Name of the Director	Designation	Nature of Directorship
1	Mr. A. S. Anandkumar	Chairman	Non Executive and Independent Director
2	Mr. V. B. Buch	Member	Non Executive and Independent Director
3	Mr. Nilesh B. Mehta	Member	Non Executive and Independent Director
4	Mr. Laxman Bhogilal Sanghvi	Executive Director	Executive & Non Independent Director

The principal functions of the committee are to

- review the Company's financial statements, before submission to, and approval by the Board;
- review the Company's procedures for detecting fraud and whistle blowing and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible proprieties in matters of financial reporting, financial control or other matters;
- review management's and the internal auditor's reports on the effectiveness of the systems for internal financial control, financial reporting and risk management;
- monitor the integrity of the Company's internal financial controls;
- assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks;
- review the internal audit program and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;
- receive a report on the results of the internal auditor's work on a periodic basis;
- review and monitor management's responsiveness to the internal auditor's findings and recommendations; and
- monitor and assess the role and effectiveness of the internal audit function in the overall context of the Company's risk management system.

SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE-

The Company has constituted a Shareholders/Investor Grievance Committee headed by the Managing Director for speedy disposal of share transfer request and for redressal of investor's complaints if any received by the Company.

The Committee inter alia, approves issue of Duplicate share certificates & reviews all matters connected with the Securities transfer. The Committee also looks into redressing of Shareholders/Investors Compliance like transfer of shares, Non receipt of Balance sheet, Non receipt of Dividend warrants & also handles the queries/ complaints relating to dematerialization of shares etc. The committee overseas the performance of the Registrar & transfer agent & recommends measures for the overall improvement of the quality of Investors services.

Composition of Shareholders/ Investors Grievance Committee

Sr. No	Name of the Director	Designation	Nature of Directorship
1.	Mr. Mahendra Sanghvi	Chairman	Executive & Non Independent Director
2.	Mr. Laxman Sanghvi	Member	Executive & Non Independent Director
3.	Mr. A. S. Anandkumar	Member	Non Executive and Independent Director

REMUNERATION COMMITTEE

The Remuneration Committee consists of non-executive Directors, with the Chairman of the Compensation Committee being an independent Director. The Committee determines the grant of stock option and also reviews the overall compensation structure including managerial remuneration and related policies aimed at attracting, motivating and retaining personnel. The Committee has the authority to determine the compensation packages of executive directors and senior management and determine the parameters and supervise the operation of the bonus schemes of the company. The Committee will review recommendations made to it by the company and others and is authorized to investigate any activity within its terms of reference, seek any information from any employee of the company and obtain independent professional advice.

Composition of Remuneration Committee

Sr. No	Name of the Director	Designation	Nature of Directorship
1	Mr. V. B. Buch	Chairman	Non Executive and Independent Director
2	Mr. A. S. Anandkumar	Member	Non Executive and Independent Director
3	Mr. Nilesh B. Mehta	Member	Non Executive and Independent Director

INTERESTS OF DIRECTORS (OTHER THAN THE PROMOTER DIRECTORS)

Except as stated in "Related Party Transactions" on page [•] of this Draft Prospectus, and to the extent of shareholding in the Company, the directors do not have any other interest in the business. The directors are interested to the extent of shares allotted to them. Except to the extent of their compensation as mentioned on page [•] of this Draft Prospectus, and their shareholding or shareholding of companies they represent, the Directors, other than the Promoters who are also Directors, do not have any other interest in the Company.

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Except as stated otherwise, in this Draft Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

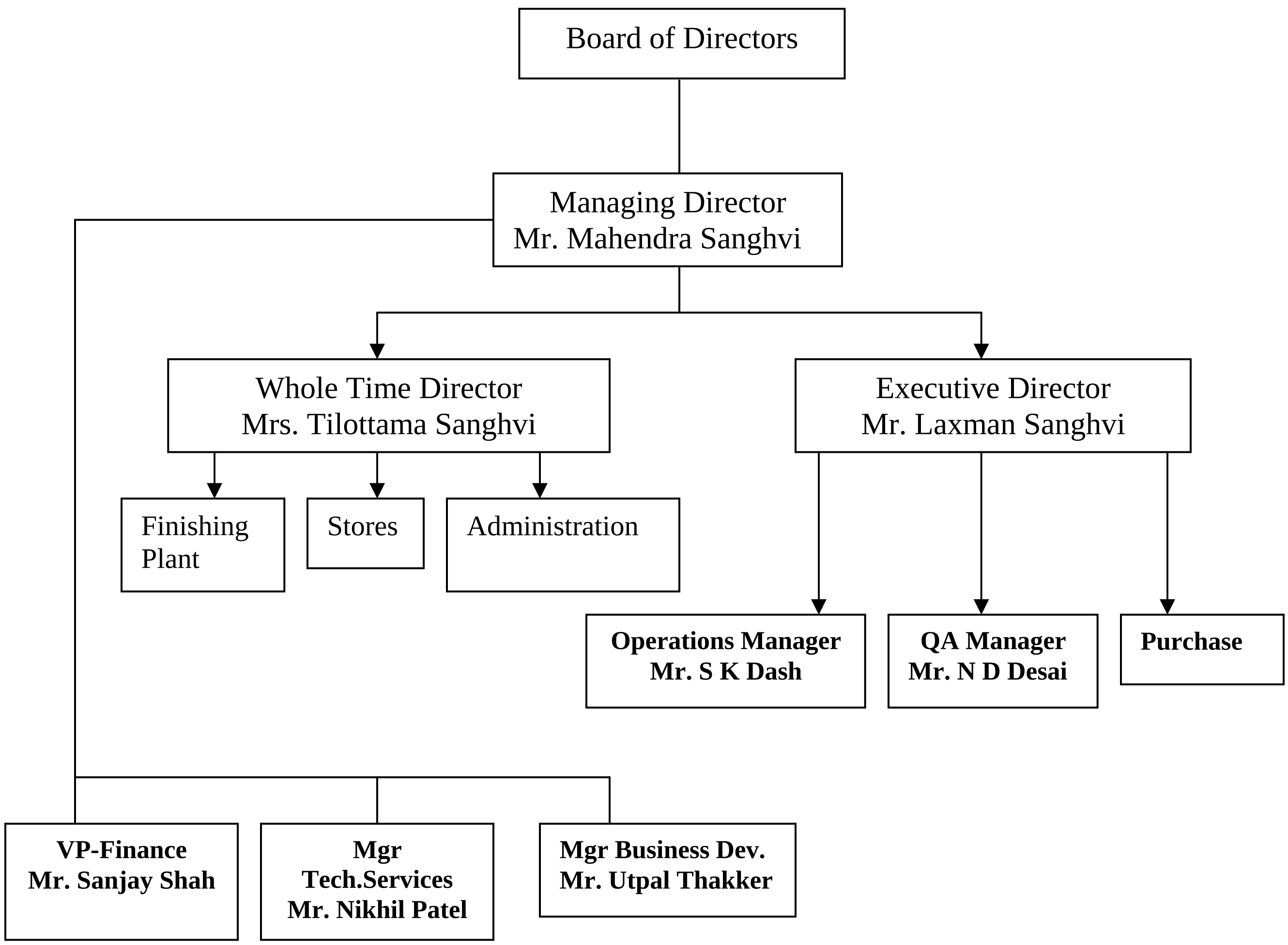
The Articles of Association provide that the Directors and officers shall be indemnified by the Company against loss in defending any proceeding brought against Directors and officers in their capacity as such, if the indemnified Director or officer receives judgment in his favour or is acquitted in such proceeding.

CHANGES IN THE BOARD OF DIRECTORS IN THE LAST 3 YEARS

The following are the changes in the Board of Directors in the last 3 years and no changes thereafter have taken place:

Name	Date of Appointment	Date of Cessation	Reason
Mr. Lax Nagda	07.12.2002	28.05.2005	Resignation
Mr. Sunderji Gosar Alternate Director	07.12.2002	28.05.2005	Resigned on resignation of Mr. Lax Nagda
Mr.Sarup Chowdhary	27.04.2006	-	Appointed as Additional Director

MANAGEMENT ORGANIZATION CHART



DETAILS OF KEY MANAGEMENT PERSONNEL AS ON 30TH SEPTEMBER 2006

Name	Age (years)	Date of Joining	Designation	Salary Paid During 2005-2006	Area of specialization	Qualification	Overall experience	Previous Employment
Mr. Sanjay Shah	38	19.09.1991	Vice President – Finance	870,665/-	Finance	B.Com. HSM	18 yrs	-
Mr S K Dash	39	01.06.1995	Operations Manager – Rania	491,709/-	Operations	B.Sc. (Chem), PG Dip. In Plastic Processing Tech, MBA	16 yrs	Eagle Flask Ltd.Poona
Mr. Nilesh Desai	52	10.08.2000	Operations Manager – Halol	394,580/-	Operations	B. E. Mechanical	27 yrs	Shreno Ltd.
Mr. Nikhil Patel	41	16.04.1991	Manager – Technical Services	659,805/-	Technical Service	D.M.E., D.P.E	18 yrs	Sumeet Machines Pvt. Ltd
Mr. Utpal Thakker	31	15.07.2002	Manager – Business Development	379,332/-	Business Development	B.E. (Ind..), MBA. (Mktg)	13 yrs	Vijayjyot Seats Ltd

BRIEF PROFILE OF KEY MANAGERIAL PERSONNEL.

- **MR. SANJAY SHAH Age 38** is the Vice President – Finance of the company. He has done his B.Com from Mumbai University and has done a diploma in systems management. He has been working with the company for the past 15 years and looks after the financial affairs of the company.
- **MR S K DASH** age 39 years is the Operations Manager and looks after the Rania plant of the company . He has done BSc (Chem) & postgraduate Diploma in plastic processing technology and MBA.
- **MR. NILESH DESAI** age 52 years is the Operations Manager and looks after the Halol plant of the company . He is a Mechanical Engineer.
- **MR. NIKHIL PATEL** age 41 years is the Technical Services Manager of the company. He has done diploma in plastics engineering & mechanical engineering and has worked in the tool room, plant of the company in the past 14 years.
- M**r. UTPAL THAKKER** age 31 years is the Business Development Manager of the company. He is an Industrial Engineer and an MBA.

All the key managerial personnel mentioned above are the permanent employees of the Issuer Company.

SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL

Name of the Key Managerial Personnel	No. Of equity shares held
Sanjay Shah	20500

BONUS OR PROFIT SHARING PLAN FOR THE KEY MANAGERIAL PERSONNEL:
The company does not have any Bonus or Profit sharing plan

CHANGES IN THE KEY MANAGERIAL PERSONNEL IN THE LAST THREE YEARS:

Sr. No.	Name	Designation	Date of Joining	Date of Leaving	Remarks
1	Mr. D.P. Solanki	Manager – Operations	23.08.1988	30.07.2005	Left for better prospects
2	Mr Ramesh Shah	Executive Vice President	01.01.1993	01.10.2006	Left for better prospects
3	Mr Bharat Siddhapura	Purchase Manager	07.05.1996	27.10.2006	Left for better prospects

EMPLOYEES:
The total manpower directly employed by the Company as on 30th September 2006 is 565.
Details of the man power are as follows:

	Halol	Rania	Finishing	Total
Permanent workers	64	75	24	163
Contract workers	55	70	40	165
Staff	34	76	27	137
Total	**153**	**221**	**91**	**465**

DISCLOSURES REGARDING EMPLOYEES STOCK OPTION SCHEME / EMPLOYEES STOCK PURCHASE SCHEME
Till date, the Company has not introduced any Employees Stock Option Scheme / Employees Stock Purchase Scheme, as required by the Guidelines or Regulations of SEBI relating to Employee Stock Option Scheme and Employee Stock Purchase Scheme.

PAYMENT OR BENEFIT TO OFFICERS OF THE COMPANY
Except the payment of salaries and perquisites, the Company does not make any payments to its officers.

4. PROMOTERS OF THE COMPANY

DETAILS OF PROMOTERS BEING INDIVIDUALS:

NAME: MR MAHENDRA SANGHVI.
DESIGNATION: MANAGING DIRECTOR

Permanent Account Number	AMMPS3718D
Passport Number	BC232955
Voter ID Number	------
Driving License Number	GJ06/302823/01
Address:	8, J.P. Nagar, Old Padra Road, Opp. Aviskar Complex, Baroda

Mr.MAHENDRA SANGHVI- age 57 years, is a Chemical Engineer from Wayne State University USA, plastics technologist and has done Diploma MBA from Toronto University, Canada. He looks after all the day-to-day operations of the company and also looks after business development. He was working in North America, in the plastics industry before he decided to come to India and set up Shaily Engineering Plastics limited. He has 32 years of experience in the plastics industry in India as well as in North America. He was Co-Chairman Overseas of Plastindia Foundation He has been the Managing Director of Shaily Engineering Plastics limited, for the past 18 years and is principally responsible for its stupendous growth and recognition globally.

NAME: MR.LAXMAN SANGHVI
DESIGNATION: EXECUTIVE DIRECTOR

PAN	AJOPS2379B
Voter ID	------
Passport No.	Z1510885
Driving License no.	GJ06/214227/01
Residential Address	8, Rokadnath Society, Opp. Union Bank of India, Gotri Road, Race Course (South), Baroda – 390 007

Mr. LAXMAN SANGHVI age 48 years, is a Chartered Accountant & Law graduate He is the Executive Director of the company and looks after all the manufacturing, purchasing & commercial perations of the company. Prior to setting up Shaily Engineering Plastics Limited he was having his own independent Chartered Accountancy practice. He is a member of the audit committee and Shareholders / investors grievance committee of the Board and is the President of Panchmahals Industries Association.

NAME: MRS. TILOTAMA SANGHVI
DESIGNATION: WHOLE TIME DIRECTOR

PAN	AGIPS3355G
Voter ID	--------
Passport No.	LJ002525
Driving License no.	210587/BR
Residential Address	8, J.P. Nagar, Old Padra Road, Opp. Aviskar Complex, Baroda

MRS. TILLOTTAMA SANGHVI age 57 years**,** a science graduate and has worked with companies in Canada for @ 8 years. She is whole time Director of the company and looks after the Finishing plant, administrative functions & Stores operations.

DECLARATION

It is confirmed that the **Permanent Account Number, Bank Account details and Passport Number of Mr. Mahendra Sanghvi , Mr Laxman Sanghvi & Mrs. Tilottama Sanghvi** is being submitted to the Stock Exchanges on which Equity Shares are proposed to be listed, at the time of filing of Draft Prospectus with them.

RELATIONSHIP BETWEEN THE PROMOTERS , DIRECTORS AND KEY MANAGERIAL PERSONNEL.

None of the promoters / Directors is related to key management personnel.

COMMON PURSUITS

There are no common pursuits amongst the company and other ventures promoted by the promoters.

FULL PARTICULARS OF THE NATURE AND EXTENT OF THE INTEREST, IF ANY, OF EVERY PROMOTER:

Save as stated in this Draft Prospectus neither the Promoters nor the Firms or Companies in which they are members have any interest in the business of the Company, except to the extent of investments made by them and their group / investment companies in Shaily Engineering Plastics Ltd. and earning returns thereon. None of the Promoters or the firms or companies in which they are members has any interest in any property acquired by the Company within two years of the date of this Draft Prospectus or proposed to be acquired by it. The promoters are also interested in the company to the extent of their shareholding, for which they are entitled to receive the dividend declared if any, by the company. . There are no sums paid or an agreement to pay any sum to the director or promoter of the company in cash or shares or otherwise by any person either to induce him to become or qualify him as a director or otherwise for service rendered by him or by the company, in connection with promotion or formation of the company.

PAYMENT OR BENEFIT TO PROMOTERS OF THE ISSUER COMPANY

Other than the salary and remuneration of the Promoter Directors, referred to in the section titled "Compensation and Perks to Managing Director/ Whole-time Directors" on page [•] of this Draft Prospectus, there are no payment or benefit to promoters of the Company.

5. RELATED PARTY TRANSACTIONS:

The details of related party transactions please refer to Annexure VIII of the Financial Statement on page [•] of this Draft Prospectus.

6. CURRENCY OF PRESENTATION:

In this Draft Prospectus, all references to "Rupees" and "Rs." and "Indian Rupees" are to the legal currency of the Republic of India.

In this Draft Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

7. DIVIDEND POLICY

The company does not have any written policy for payment of dividend. However, dividends may be declared at the company's AGM based on a recommendation by the Board. The Board may recommend dividends, at its discretion, to be paid to the members. Generally, the factors that may be considered by the Board, but not limited to, before making any recommendations for the dividend including future expansion plans and capital requirements, profits earned during the financial year, cost of raising funds from alternate sources, liquidity, applicable laws, including tax on dividend, as well as exemption under tax laws available to various categories of investors from time to time and money market conditions.

DECLARATION OF DIVIDEND POLICY FROM THE COMPANY IN DETAIL OF DIVIDEN PAID DURING LAST THREE YEARS:

Year	Rate (%)	Book Closure Date	AGM Date	Payment Date
2003-04	Nil	--------------	21st July 2004	NA
2004-05	Nil	---------------	31st August 2005	NA
2005-06	8	26th May 2006 – 29th May 2006	29th May 2006	28th June 2006

SECTION IV: FINANCIAL STATEMENTS

The company the lead managers to the issue confirm that all the notes to the accounts, significant accounting policies as well as the auditor's qualifications have been incorporated.

AUDITORS' REPORT

To,

The Board of Directors,
Shaily Engineering Plastics Limited.
Mumbai

A) We have examined the annexed financial information of Shaily Engineering Plastics Limited for the five & half financial years from financial year ended March 31, 2002 to Half financial year ended September 30, 2006 have been made up and audited by us. The financial statements for 6 months ended September 30, 2006 is approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Further Public Issue of Equity Shares in the Company (referred to as 'the issue'). The Financial information is based on the accounts audited by us for the above-mentioned period. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these accounts based on the audit.

B) In accordance with the requirements of:

(i) Paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 ('the Act');

(ii) The Securities and Exchange Board of India (Disclosure and Investor Protection) guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments, and

(iii) The terms of reference with the Company dated July 31st, 2006 requesting us to carry out work in connection with the Offer Document as aforesaid. We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report:

In our opinion the financial information of the Company as stated above read with significant accounting policies attached in Annexure III to this report, after making adjustments/restatements and regroupings as considered appropriate and has been prepared in accordance with Part II of schedule II of the Act.

We have examined the following financial information relating to the Company proposed to be included in the Draft Prospectus / prospectus, as approved by you and annexed to this report:

1. The restated summary statement of Profit & Loss account of the Company as at March 31, 2002, 2003, 2004, 2005, 2006 and 6 Months ended on 30th September 2006 are as set out in Annexure I to this report;
2. The restated summary statement of Assets & Liabilities of the Company for the financial years ended March 31, 2002, 2003, 2004, 2005, 2006 and 30th September 2006 are as set out in Annexure II to this report;
3. Statement of Significant Accounting Policies as appearing in annexure III of this report.
4. Notes to statements of adjusted profit & loss (Annexure I) & adjusted assets & liabilities (Annexure II) are as set out in Annexure IV to this report.
5. Notes to account as appearing in Annexure V to this report.
6. Statement of dividend payment as per annexure VI.
7. List of Related parties (As per AS 18 of ICAI) as per annexure VII.
8. Details of transactions with the related parties (Related parties with in the meaning of AS 18 issued by ICAI) enclosed as per Annexure VIII.
9. Statement of Accounting Ration as per Annexure IX.
10. Capitalization Statement as at September, 2006 as appearing in Annexure X.
11. Statement of other income as per Annexure XI.
12. Statement of Tax Shelters as per Annexure XII .
13. Statement of Cash Flow as per Annexure XIII.
14. Statement of Secured loan as per Annexure XIV.
15. Statement of Unsecured loan as per Annexure XV.
16. Statement of Investment as per Annexure XVI.
17. Statement of Sundry debtors as per Annexure XVII.
18. Statement of Loans & Advances as per Annexure XVIII.

C) This report is intended solely for your information and for inclusion in the Offer document in connection with the specific Further Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Shah Sanghvi & Co.
Chartered Accountants
sd
Jitesh Shah
Proprietor
M. No. 34010

Place: Vadodara
Date: 30/10/2006

ANNEXURE I
RESTATED SUMMARY OF PROFIT & LOSS ACCOUNT

(Rs.in Lacs)

Particulars	YEAR ENDED 31ST MARCH 2002	YEAR ENDED 31ST MARCH 2003	YEAR ENDED 31ST MARCH 2004	YEAR ENDED 31ST MARCH 2005	YEAR ENDED 31ST MARCH 2006	HALF YEAR ENDED 30TH SEPTEMBER 2006
INCOME						
Gross Sales:	2772. 66	2978.37	2695.52	3282.93	4207. 30	2344.49
Less : Excise	334.47	324.26	329.77	376.56	444.70	246.53
Of products manufactured by the Company (net of Excise duty)	2,438.18	2,654.11	2,365.74	2,906.37	3,762.60	2097.96
Of products traded in by the Company	-	-	-	-	-	
Sub-total	2,438.18	2,654.11	2,365.74	2,906.37	3,762.60	2,097.96
Other Income	14.72	14.07	27.28	6.24	28.88	11.64
Increase/Decrease in Stock	54.79	-22.85	0.80	33.85	-7.39	36.48
Total	2,507.70	2,645.33	2,393.83	2,946.46	3,784.09	2,146.08
EXPENDITURE				-	-	
Purchase of goods traded	-	-	-	-	-	
Raw materials Consumed	999.33	1,011.65	1,020.55	1,403.14	1,783.32	1123.77
Staff Costs	277.27	340.57	309.80	381.35	473.97	250.54
Other Manufacturing expenses	482.17	470.25	433.23	448.80	503.23	252.71
Administration expenses	101.74	123.44	130.05	135.40	158.08	76.63
Selling & Distribution expenses	94.38	133.78	88.61	100.97	156.98	71.22
Loss on Sale of Investments	-	-	-	-	-	
(Write back)/Provision for diminution in value of investments			-			
Interest	222.51	179.13	127.60	97.46	157.06	92.39
Total Expenditure	2,177.40	2,258.82	2,109.84	2,567.14	3,232.63	1,867.25
Less: cost capitalised	-	-	-			
Total operating expenses	2,177.40	2,258.82	2,109.84	2,567.14	3,232.63	1,867.25
Profit before depreciation, doubtful advances & extraordinary items	**330.30**	**386.52**	**283.99**	**379.33**	**551.46**	**278.83**
Gross Depreciation -on	325.41	304.53	268.71	276.26	285.93	151.06

Original cost						
-on Revalued Cost	-	-	-	-	-	
Less: Transfer from Revaluation reserve	-	-	-	-	-	
Net Depreciation	325.41	304.53	268.71	276.26	285.93	151.06
Provision for Doubtful advances (net)	-	-	-			
Net adjusted profit/ (loss) before extraordinary items	**4.89**	**81.99**	**15.28**	**103.06**	**265.52**	**127.77**
Add: Extraordinary items	(1.92)	(0.41)	(1.30)	(0.31)	(1.06)	
Net adjusted profit/ (loss) after extraordinary items	**2.97**	**81.58**	**13.98**	**102.75**	**264.47**	**127.77**
Less: Provision for current tax (including Wealth tax)	0.25	6.25	1.20	8.20		16.00
Less: Provision for deferred tax (net)				-9.42	82.20	2.57
Less: Fringe Benefit Tax					5.71	2.85
Less: Tax Provision for earlier years		4.55	0.75		-	
Effect of adjustments on tax	-					
Net profit/ (loss) after taxation & adjustments	**2.72**	**70.78**	**12.03**	**103.97**	**176.56**	**106.34**

Note : The above should be read with notes to statements of adjusted profit and losses and assets and liabilities, as restated appearing in annexure IV and significant accounting policies as appearing in annexure III.

ANNEXURE II

RESTATED SUMMARY OF ASSETS AND LIABILITIES

(Rs.in Lacs)

Particulars	**AS AT 31ST MARCH 2002**	**AS AT 31ST MARCH 2003**	**AS AT 31ST MARCH 2004**	**AS AT 31ST MARCH 2005**	**AS AT 31ST MARCH 2006**	**AS AT 30TH SEPTEMBER 2006**
A. FIXED ASSETS:						
(i) Gross Block	3,426.24	3,472.33	3,481.32	3,765.01	4,057.00	4549.09
Less: Accumulated Depreciation	1,469.91	1,774.44	2,019.01	2,284.96	2,503.77	2654.83
Net Block	1,956.33	1,697.90	1,462.31	1,480.06	1,553.23	1,894.26
Less: Revaluation Reserve	-	-	-	-	-	-
	1,956.33	1,697.90	1,462.31	1,480.06	1,553.23	1,894.26
(ii)Capital work in Progress	-	-	-	-	7.22	-
Net Block after adjustment	1,956.33	1,697.90	1,462.31	1,480.06	1,560.45	1,894.26
B. Investments	82.29	80.56	80.56	80.56	80.56	80.56
C. Current Assets , Loans &						

Advances:						
Inventories	283.26	306.72	280.35	371.30	411.48	529.08
Sundry Debtors	367.51	590.01	634.92	881.03	1,419.43	1649.92
Cash & Bank Balances	87.26	55.69	24.93	55.09	91.04	140.62
Loans & Advances	160.51	172.23	170.87	197.50	283.94	350.02
Other Current Assets	-	-	-	-	-	-
	898.54	**1,124.64**	**1,111.07**	**1,504.93**	**2,205.89**	**2,669.64**
A+B+C	2,937.16	2,903.10	2,653.94	3,065.55	3,846.90	4,644.46
D. Less :Liabilities & Provisions:						
Secured Loans	1,040.03	768.70	623.04	767.30	1,551.29	1689.54
Unsecured Loans	478.33	575.84	590.83	577.40	446.48	401.02
Net Deferred Tax liabilities	0.00	0.00	0.00	-9.42	72.78	75.35
Current Liabilities	344.98	425.42	285.49	528.96	442.00	1068.45
Provisions	73.86	100.53	96.78	67.17	114.93	79.48
	1,937.20	1,870.50	1,596.15	1,931.40	2,627.48	3,313.85
Net worth (A+B+C - D)	**999.96**	**1,032.60**	**1,057.80**	**1,134.15**	**1,219.42**	**1,330.61**
Represented By:						
(i) Share Capital	676.06	676.06	676.06	633.26	581.86	581.86
Reserves & Surplus	341.89	412.67	424.70	528.67	652.15	758.49
Less: Revaluation Reserve	-	-	-	-	-	-
(ii) Reserves (net of Revaluation Reserve)	341.89	412.67	424.70	528.67	652.15	758.49
Less: Misc.Expenditure (to the extent						
(iii) **not written off/adjusted)**	17.99	56.13	42.96	27.78	14.59	9.74
Networth (i+ ii - iii)	**999.96**	**1,032.60**	**1,057.80**	**1,134.15**	**1,219.42**	**1,330.61**

Note:
* Refer Note No.6 in Annexure IV.
The above should be read with Notes to Statements of Adjusted Profits & Losses & Assets & Liabilities, as restated appearing in Annexure IV & Significant ** Accounting Policies as appearing in Annexure III.

NOTES TO ACCOUNTS -ANNEXURES III

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

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

b) **Revenue:**
Sales and services are accounted inclusive of excise duty but excluding Sales Tax, and are net of returns / discounts / debit notes / reversals. Sales of raw material is reduced from cost of Raw Materials.

c) **Fixed Assets:**
Fixed Assets are stated at fair value determined at the time of amalgamation referred to in para II note 1 on 1.4.2001, assets acquired thereafter are shown at cost. Cost includes all incidental expenditure net of Cenvat wherever applicable. Expenditure on software is capitalised.

d) **Depreciation**:
Depreciation on fixed assets is calculated on straight-line method in the manner and at the rates as prescribed in schedule XIV of the Companies Act, 1956. Depreciation on additions / deletion to fixed assets during the year is provided on a pro-rata basis. However, in respect of cost of moulds to be billed, the depreciation is commensurate with such billings.

e) **Investments:**
Long term investments (including investment in jointly controlled entity) are stated at cost. Provision is made for any diminution in value, if other than temporary.

f) Inventories:
Inventories are valued at lower of cost and net realisable value. Cost of inventories comprises, cost of purchase, cost of conversion and other cost incurred in bringing them to their present location and conditions.

The cost of inventories is determined based on the First in First out method.

g) Retirement Benefits:
Company's contribution to provident fund is charged to Profit & Loss account. Gratuity & Leave encashment benefits are charged to Profit & Loss account on the basis of actuarial valuation carried out by an independent actuary at year-end.

h) Foreign Currency Transactions:
Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the date of transaction. Monetary items denominated in foreign currency at the year end are translated at year end rates. In respect of monetary items which are covered by forward exchange contracts, the premium on such forward contracts is recognised over the life of the forward contract, The exchange difference arising on settlement /translation are recognised in the revenue accounts, except those pertaining to the fixed assets acquired from outside India, which are adjusted to the cost of such fixed assets.

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

Deferred tax expense or benefit is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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

j) Miscellaneous Expenditure:
Expenditure incurred on merger is deferred over the period of 5 years. Preliminary and pre-operative expenditure acquired on amalgamation is written off over a period of five years. Registration Fees paid for increase in the Authorised Capital is deferred over the period of 10 years.

Accounting Standards

a) AS - 1 Disclosure of accounting policies
The accounts are maintained on accrual basis as a going concern.

b) AS - 2 Valuation of Inventories
Inventories are valued at lower of cost and net realizable value. Cost of inventories comprises, cost of purchase, cost of conversion and other cost incurred in bringing them to their present location and conditions.

The cost of inventories is determined based on the First in First out method.

c) AS - 3 Cash flow statements
The cash flow statement is prepared on "indirect method".

d) AS - 6 Depreciation accounting
i. Depreciation on fixed assets is calculated on straight-line method in the manner and at the rates as prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on additions / deletion to fixed assets during the year is provided on a pro-rata basis. However, in respect of cost of moulds to be billed, the depreciation is commensurate with such billings.
ii. Depreciation in respect of assets acquired during the period whose actual cost does not exceed Rs. 5000/- has been provided at 100%.
e) AS - 9 Revenue Recognition
Sales are recognised when goods are supplied and are recorded inclusive of excise duty but net of trade discounts/debit notes /reversals and Value Added Tax.

Income from services rendered is booked based on completion of rendering of services. The revenue and expenditure are accounted on a going concern basis.

f) AS - 10 Accounting for Fixed Assets
Fixed Assets are stated at fair value determined at the time of amalgamation referred to in Para II note 1 on 1.4.2001; assets acquired thereafter are shown at cost. Cost includes all incidental expenditure net of Cenvat wherever applicable. Expenditure on software is capitalized.

g**) AS - 11 Effects of changes in foreign exchange rates**
Translations denominated in foreign currencies are recorded at the exchange rates prevailing at the date of transaction. Monetary items denominated in foreign currency at the year-end are translated at year-end rates. In respect of monetary items, which are covered by forward exchange contracts, the premium on such forward contracts is recognized over the life of the forward exchange contract. The exchange difference arising on settlement / translation are recognized in the revenue accounts, except those pertaining to the fixed assets acquired from outside India, which are adjusted to the cost of such fixed assets.

h) AS - 13 Accounting for Investments
Long term Investments (including investment in jointly controlled entity) are stated at Cost. Provision is made for any diminution in value, if other than temporary.

i) AS - 15 Accounting for retirement benefits
Company's contributions to Provident Fund is charged to profit & loss account. Gratuity & leave encashment benefits are charged to Profit & Loss account on the basis of valuation carried out by an independent actuary at year-end.

j) AS - 16 Borrowing cost
The borrowing costs have been treated in accordance with Accounting Standard on Borrowing Cost (AS - 16) issued by the Institute of Chartered Accountants of India. During the period, there were no borrowings attributable to qualifying assets and hence no borrowing costs were capitalized.

k) AS – 17 Segment Reporting
The company is engaged in the business of manufacturing moulded plastic components & moulds etc. which is as per the Accounting Standard (AS-17), Segment Reporting, is considered the only reportable segment.

l) AS - 18 Related party disclosure
Disclosure is made as per the requirement of the standard.

m) AS - 22 Accounting for Taxes on Income
Current tax is determined as the amount of tax payable in respect of taxable income for the period.
Deferred tax resulting from "timing difference" between taxable income and accounting income is accounted for, using the tax rates and tax laws that have been enacted or substantially enacted as on the Balance Sheet date.

ANNEXURE IV

Notes to Statements of adjusted Profit and Loss (Annexure I) and adjusted Assets and Liabilities (Annexure II):

(Rs in lacs)

		Year ended 31st March 2002	Year ended 31st March 2003	Year ended 31st March 2004	Year ended 31st March 2005	Year ended 31st March 2006	Half Year ended 30th September 2006
Adjustments [(income)/ expense] in Statement of Profit and Loss arising out of: [i]Audit qualifications							
(a)	Non provision of doubtful loans and advances			-	-		
(b)	Non provision of diminution in value of investments			NIL	-		
(c)	Non provision for taxation for earlier years						
Adjustments [(income) / expense] in Statement of Profit and Loss arising out of: [ii]Prior period items / excess provision written back							
(a)	Staff Costs						
(b)	Other Manufactur	1.92	0.41	1.30	0.31	1.06	0

	ing expenses						
(c)	Administration expenses						
(d)	Selling & Distribution expenses						
(e)	Other Income						
(f)	Interest						
(g)	Provision for current tax (including Wealth tax)						
(h)	Tax Provision for earlier years		4.55	0.75			
(i)	Effect of adjustments on tax						
[iii]Adjustments (increase/ (decrease)) in Statement of Assets & liabilities :							
	Reserves &						
(a)	Surplus						
(b)	Investments						
(c)	Loans & Advances			Nil			
(d)	Net Deferred Tax liabilities						
(e)	Current Liabilities						

(B) Auditors' qualifications for which adjustments could not be carried out in the adjusted financial statements and response of the Company in respect of the same:
NIL

Annexure – V

OTHER SELECTIVE FINANCIAL INFORMATION AS AT 30TH SEPTEMBER 2006:

		For the Period Ended 31st March 2005	For the Period Ended 31st March 2006	For the Period Ended 30th September 2006
1	A) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance)	Nil	8,508,295	30,087,481
	B) Contingent Liabilities:-			
	a) Corporate Guarantees outstanding	483,311	1,102,476	678,311
	b) Disputed Sales Tax under appeal	3,323,155	3,301,149	3,301,149
	c) Claims against the Company not acknowledged as debts	NIl	Nil	Nil
2	Future lease rentals on Machine/Equipments under lease finance	Nil	Nil	Nil
3	**Sundry Creditors for the half year ended 30th September 2006 includes amounts due to small-scale industrial undertakings, which are outstanding for more than 30 days.**			
	Aashirwad Poly-plast, Adroit Polymers, Aeropack Products, Akvira Arts, Apte & Apte Organic Coating, Arav Enterprises, Arrow Speciality Co.,B R Engineering Works, Bharat Hardware Industries, Blue Stare Metal & Engineering Works, C K Industries, Careprint, Chauhan Engineering, Classic Engineering, D P Polymers Products, Dwarika Plastic Industries, Efficient Engineering, Eknath Industries, Elegant Coating Pvt Ltd, Globe Engineering owrks, jasmin Enterprises, Kalyanin engineering Works, Kamal Industries, Kantilal Chhotalal & Co, Kinnari Printing Technologies Pvt Ltd, Kinnari Pad Flex, Multipack Industries, Maruti Plastics, Mech Cad Services, Om Sai Decoplast Pvt Ltd, P P Plasrtics, Pagar & Sons, Patson Machine Tools, Pioneer Engineering Corporation, Prabhat Tech Mark Consultant, Prabhat Udyog, Precision Spring Works, Raviraj Industries, Romil Industries, R S Engineers, Shiv Om Brass Manufactures, Shree Tulja Industries, Shreenathji Engineers, Smit Printers, Solar Industries, Sterling Electrical Products, Supreme Lamp, Shree Kuldevi Polymers, Super Metal Industries, Technocomp, Trushna Engineering,			
	Turn O Precision, Udvadia Engineering Works, Unichem Metal works, Unitrade India, Vaishnav Fastners, Vibhuti Consultant & Designers, Viksan Industries.			

	The list of SSI undertakings is determined by the Company on the basis of available information and relied upon by the auditors.		
4	Capital Work in Progress, represent the expenses incurred for a project, which is yet to be commissioned. The detail of these expenses are:		
		31st March 2006	**3oth September 2006**
	Incurred in the current period		
	Purchase of Building Material	721,516.00	0.00
	TOTAL	**721,516.00**	**0.00**

5	**Director's Remuneration:**						
		31.03.2002	**31.03.2003**	**31.03.2004**	**31.03.2005**	**31.03.2006**	**30.09.2006**
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs
	Salary & Bonus	1,370,200	2,480,800	4,044,750	4,671,000	7,097,528	3,439,483
	Perquisites & Rem.of Medical Exp.	74,220	127,235	116,973	231,810	208,848	119,511
	Provident Fund Contribution	105,840	188,460	299,700	327,600	525,387	255,427
	Total:	**1,550,260**	**2,796,495**	**4,461,423**	**5,230,410**	**7,831,763**	**3,814,421**
6	**Auditors' Remuneration**						
		31.03.2002	**31.03.2003**	**31.03.2004**	**31.03.2005**	**31.03.2006**	**30.09.2006**
		Rs.	Rs.	Rs.	Rs.	Rs.	
	As Auditor	50,000	50,000	100,000	100,000	100,000	50000
	Tax audit	50,000	50,000	50,000	50,000	50,000	25000
	For Certification	-	13,500	7,980	-	-	0
	Service Tax	5,000	5,000	8,000	10,200	18,360	9180
	Total	**105,000**	**118,500**	**165,980**	**160,200**	**168,360**	**84,180**
7	In the opinion of the Board, Current Assets, Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated, unless stated otherwise.						

8 **Taxes on Income:**
Deferred Tax:
Major Components of Deferred Tax Assets and Deferred Tax Liabilities arising out of significant timing differences are as under:

Particulars	Upto 31.03.2006	For the half year ended 30.09.2006	Upto 30.09.2006
A] Deferred Tax Liability			
Depreciation	12,443,000	(3,080,000)	9,363,000
TOTAL (A)	**12,443,000**	**(3,080,000)**	**9,363,000**
B] Deferred Tax Assets			
1.Disallowance U/S 43B of Income Tax Act, 1961	1,765,000	(63,000)	1,828,000
2.Provision for Doubtful Debts	-	-	-
3.Provision for Gratuity	-	-	-
4.Unabsorbed depreciation & Carried forward losses	3,400,000	(3,400,000)	-
TOTAL (B)	**5,165,000**	**(3,337,000)**	**1,828,000**
Difference:	7,278,000	257,000	7,535,000
Net Deferred Tax (Liability) / Credit for the period	**7,278,000**	**257,000**	**7,535,000**

9 Deferred Tax assets and liabilities are being offset as they relate to taxes on income levies by the same governing taxation law.

10 Balances of certain lenders, Sundry Creditors, Sundry Debtors and parties to whom Loans & Advances and Deposits made are subject to confirmation and reconciliation.

Particulars	31st March 2002	31st March 2003	31st March 2004	31st March 2005	31st March 2006	30th september 2006
Equity shares						
Number of shares	5,818,610	5,818,610	5,818,610	5,818,610	5,818,610	5818610
Face value (Rs.)	10/-	10/-	10/-	10/-	10/-	10/-
Paid-up value (Rs.)	10/-	10/-	10/-	10/-	10/-	10/-
Rate of dividend	-	-	-	-	8.00%	-
Total dividend (Rs)	-	-	-	-	5307736	-
Corporate dividend tax on above (Rs)	-	-	-	-	14.025%	-

Sr.No.	Name of the Parties					
	Mar-02	**Mar-03**	**Mar-04**	**Mar-05**	**Mar-06**	**Sep-06**
1						
2	Panax Appliances P.Ltd.	Panax Appliances P.Ltd.	Panax Appliances P.Ltd.	Panax Appliances P. Ltd.	Panax Appliances P.Ltd.	Panax Appliances P.Ltd.
			Shaily-IDC India P.Ltd.	Shaily-IDC India P.Ltd.	Shaily-IDC India P.Ltd.	Shaily-IDC India P.Ltd.
			Sunido Textiles Ltd.	Sunido Textiles Ltd.	Sunido Textiles Ltd.	Sunido Textiles Ltd.
			Stallion Textiles Ltd.	Stallion Textiles Ltd.	Stallion Textiles Ltd.	Stallion Textiles Ltd.
			Stanford Leasing & finance Ltd.	Stanford Leasing & finance Ltd.	Stanford Leasing & finance Ltd.	Stanford Leasing & finance Ltd.

3	Mr.Mahendra Sanghvi	Mr.Mahendra Sanghvi	Mr.Mahendra Sanghvi (M.D)	Mr.Mahendra Sanghvi (M.D)	Mr.Mahendra Sanghvi (M.D)	Mr.Mahendra Sanghvi (M.D)
	Mrs.Tilottama Sanghvi	Mrs.Tilottama Sanghvi	Mr.Laxman Sanghvi (Exe.Director)	Mr.Laxman Sanghvi (Exe.Director)	Mr.Laxman Sanghvi (Director)	Mr.Laxman Sanghvi (Director)
	Mr.Laxman Sanghvi	Mr.Laxman Sanghvi	Mrs.Tilottama Sanghvi (Whole time director)	Mrs.Tilottama Sanghvi (Whole time director)	Mrs.Tilottama Sanghvi (Director)	Mrs.Tilottama Sanghvi (Director)
	Mr. Jayesh Shah	Mr. Jayesh Shah	Mr. Jayesh Shah	Mr. Jayesh Shah	Mr. Jayesh Shah	Mr. Jayesh Shah
			Ms. Purnima Shah	Ms. Purnima Shah	Ms. Purnima Shah	Ms. Purnima Shah
					Mrs. Sushila M Shah	Mrs. Sushila M Shah
					Mr. Navin M Shah	Mr. Navin M Shah
					Mr. Deep Sanghvi	Mr. Deep Sanghvi
					Ms. Priyanka L Sanghvi	Ms. Priyanka L Sanghvi
					Mr. Rajen Sanghvi	Mr. Rajen Sanghvi
					Shah Kanji Raichand & Co.	Shah Kanji Raichand & Co.
						Mr. Bharat Sanghvi
						Mrs. Kalpana L

Shaily Engineering Plastics Limited

Sanghvi
Mrs. Rasmi B Sanghvi

Annexure VIII

Transactions with Related Parties during the year:

(Rs. In Lacs)

Nature of Transaction	Enterprises where significant influence Exists						KMP & their Relatives					
	31st March 2002	31st March 2003	31st March 2004	31st March 2005	31st March 2006	30th september 2006	31st March 2002	31st March 2003	31st March 2004	31st March 2005	31st March 2006	30th september 2006
Sales												
Goods & Material	22.19	69.81	100.05	54.34	70.83	44.2						
Expenses:												
Rent & other Services	8.26	1.86	21.8	28.53	48.48	24.39	3	4.8	4.8	6	8.4	4.20
(Job work charges)												
Interest											3.52	2.35
Director Fees							0.1	0.13	0.1			
Directors Remuneration							15.5	27.96	44.61	52.25	78.32	38.14
Machine hire charges	1.11	5.91	4.7									
Hire Pur.charges		5.91										
Finance & Invst.												
Inter-corporate											22.5	
deposit received												
Inter Corporate											1	
deposit repayment												
Outstandings:												
Payable							2.72	1.86	0.99	17.75	29.26	57.43
Receivable	21.01	41.29	40.09	30.04	28.63	32.50						
Adances given	25.98	38.82	36.75	62.1	52.28	52.31						

ANNEXURE IX
ACCOUNTING RATIO

(Rs in lacs)

	PARTICULARS	Year ended	Year ended	Year ended	Year ended	Year ended	Half Year ended
		31st March, 2002	31st March, 2003	31st March, 2004	31st March, 2005	31st March, 2006	30th September 2006
1	**EARNINGS PER SHARE (EPS)**						
	Net Profit after	2.72	70.78	12.03	103.97	176.56	106.34

	Tax						
	No. of Equity shares	5,818,610	5,818,610	5,818,610	5,818,610	5,818,610	5,818,610
	EARNINGS PER SHARE (EPS)	0.05	1.22	0.21	1.79	3.03	1.83
	Weighted Avg. EPS	0.05	1.22	0.21	1.79	3.03	1.83
2	**NET ASSETS VALUE (NAV)**						
	Net Worth	999.96	1032.60	1057.80	1134.15	1219.42	1330.61
	No. of Equity shares	5,818,610	5,818,610	5,818,610	5,818,610	5,818,610	5,818,610
	NAV PER SHARE	17.19	17.75	18.18	19.49	20.96	22.87
3	**RETURN ON NET WORTH**						
	Net Profit after Tax	2.72	70.78	12.03	103.97	176.56	106.34
	Net Worth	999.96	1,032.60	1,057.80	1,134.15	1,219.42	1,330.61
	RETURN ON NET WORTH	0.27%	6.85%	1.14%	9.17%	14.48%	7.99%
1	Earning per Equity Share :-(Adjusted Net Profit after tax) / (weighted average number of Equity shares).						
2	Net Asset Value :- (Adjusted Net assets after reduction of miscellaneous expenditure not written off) / (weighted average number of equity shares).						
3	Return on Net Worth :- (Adjusted Net Profit After Tax / Adjusted Equity Share holders fund after reduction of Miscellaneous expenditure not written off at the end of the year)						

ANNEXURE- X
STATEMENT OF CAPITALISATION

(Rs. In Lacs)

Particulars	**Pre issue as at 31st March, 2006**	**Pre issue as at 30th September, 2006**	**Adjusted for Present Issue**
Borrowings :			
Short term Debts (Note 1)	1,006.22	1036.44	
Long term Debts	991.55	1054.12	
Total Debts	**1,997.77**		
Shareholders Funds:			
Share Capital	581.86	581.86	(*)
Reserves & Surplus (Note 2)	637.56	748.75	(*)
Total Shareholders' Funds	**1,219.42**	**1,330.61**	(*)
Long term Debt/ Equity ratio	**0.81**	**0.79**	(*)

Notes:

Debts maturing within next one year from 30th September, 2006 are considered as short term debts.

Share Capital and Reserves (Post Issue) can be Calculated only on Issue Price finalization.

The Capitalisation statement has been calculated on the basis of restated financial statements.

(*) These figures will be known only after finalisation of the issue price by the lead manager to the issue

Annexure XI
OTHER INCOME

(Rs. In lacs)

	Year ended 31.03.2002	Year ended 31.03.2003	Year ended 31.03.2004	Period ended 31.03.2005	Year ended 31.03.2006	Half Year ended 30.09.2006
Details of Other income						
Recurring						
Misc. Income (net) - Dividend	1.26	-	-	0.03	0.05	-
Interest from Banks & others	9.70	6.92	7.92	3.01	20.36	6.78
Other charges-insurance	1.37	0.73	0.58	0.95	0.86	0.69
Other income	0.02	2.83	11.23	-	-	-
Scrap sales	2.38	1.60	1.68	1.24	0.74	0.81
Non recurring						
Profit on sale of License	-	-	-	1.01	-	
Exchange difference gain (net)	-	-	-	-	1.51	2.71
Insurance claim	-	1.99	0.08	-	5.35	0.64
Excess depreciation provision written back	-	-	5.80	-	-	
Total	**14.72**	**14.07**	**27.28**	**6.24**	**28.88**	**11.64**

Definition of Ratios:

1 Details of Other income is as per the Statement of Adjusted Profit and Loss.
2 The Classification of Other Income by management into recurring and non- recurring is based on the current operations and business activities of the company.
3 The other income is less than 20% of the profit before tax for the Half year ended 30th September 2006 and years ended March 2006,2005,2004,2003 & 2002.

ANNEXURE XII

STATEMENT OF TAX SHELTERS (Rs. In Lacs)

Particulars		Year ended 1.03.2002	Year ended 31.03.2003	Year ended 31.03.2004	Period ended 31.03.2005	Period ended 31.03.2006	Period ended 30.09.2006
Profit before current and deferred taxes, as restated	**A**	**2.97**	**81.99**	**15.28**	**103.06**	**265.52**	**127.77**
Tax Rate - Normal		35.70%	36.75%	35.88%	35.88%	33.66%	33.66%
Tax Rate - MAT		7.65%	7.88%	7.68%	7.84%	8.42%	8.42%
Tax expense at Notional rate		**1.06**	**30.13**	**5.48**	**36.97**	**89.38**	**43.01**
Adjustments :							
Permanent Differences							
Donation		1.05	-	2.10	0.39	1.18	0.22
Dividend		(1.26)	-	-	(0.03)	(0.05)	
Penalty		1.08	1.99	0.02	-	-	
Provision for Loans & Advances		-	-	-	-	-	
Depreciation on Revalued cost of Assets		-	-	-	-	-	
Disallowance of Employers & Employees Cont to PF,FPF & ESIC Etc.		-	0.96	-	-	-	
Interest on working capital		-	-	-	-	-	
Other Adjustments		7.64	18.73	(5.80)	17.28	13.51	4.89
Total	**B**	**8.51**	**21.68**	**-3.68**	**17.63**	**14.64**	**5.11**
Temporary Differences							
Difference between tax depreciation and book depreciation		121.29	140.23	115.08	116.93	91.10	14.48
Provision for doubtful debts w/back							
Net Disallowable / (Allowable) expenses u/s 43B of the I.Tax Act.		10.98	14.71	-6.72	8.01	3.07	1.19
Loss / (Profit) on sale of Fixed Assets				6.36	-1.01	1.63	
Amortization of VRS expenses			-				
Development expenses(Net)						-	
Other Adjustments		-442.22	-	-			
Set-off of brought forward unabsorbed losses/depreciation			-258.61	-126.32	-244.62	-375.96	-101.03
Provision for Gratuity/ (w / back of gratuity)			-		-	-	
Total	**C**	**-309.95**	**-103.66**	**-11.60**	**-120.70**	**-280.17**	**-85.36**
Business Profit / Loss	**D=A+B+C**	-298.48	-	-	-	-	47.52
Capital Gains u/s 50	**E**		-	-	-	-	
Taxable Profit	**F=D-E**	**-298.48**	**-**	**-**	**-**	**-**	**47.52**
Total Tax incl surcharge			-	-	-	-	
Less: MAT Credit			-	-	-	-	
Tax Liability			**-**	**-**	**-**	**-**	
Add: Interest u/s 234 B & C							
Total Tax Liability			**-**	**-**	**-**	**-**	
Tax Liability under MAT		0.13	6.46	1.17	8.08	21.87	14.02
Tax as per P/L A/c			**-**	**-**	**-**	**-**	16.00
Adjusted Tax Provision		**0.13**	**6.46**	**1.17**	**8.08**	**21.87**	**16.00**

ANNEXURE XIII
RESTATED STATEMENT OF CASH FLOW

(Rs. In Lacs)

	Particulars	For the Year Ended 31st March	For the Year Ended 31st March	For the Year Ended 31st March	For the Year Ended 31st March	For the Year Ended 31st March	For the Half Year Ended 30th September
		2002	**2003**	**2004**	**2005**	**2006**	**2006**
A.	**CASH FLOW FROM OPERATING ACTIVITIES**						
	Net Profit before Taxation	2.97	81.99	15.28	103.06	265.52	127.77
	Adjustments for :						
	Excess depreciation written back			-5.80			
	Interest Income	-9.70	-6.92	-7.92	-3.01	-20.36	-6.78
	Dividend Income	-1.26			-0.03	-0.05	
	Prior period expenses			-1.30	-0.31	-1.06	
	Net lease equalisation fund			-	-	-	
	Interest Expenses	189.36	161.21	112.09	84.13	142.31	78.00
	Profit/Loss on Sale of Assets			6.36	1.01	1.63	
	Depreciation on Original Cost	325.41	304.53	268.71	276.26	285.93	151.06
	Depreciation on Revaluation Cost of assets						
	Sundry balances written off				-	-	
	Rights issue expenses written off				-	-	
	Voluntary Retirement Expenses written off				-	-	
	Voluntary Retirement Expenses	-			-	-	
	Amortisation of Expenses written off	5.72	18.73	18.86	17.28	13.19	4.85
	Training Expenses			-	-	-	
	Excess provision written back of 99-00 reversed						
	Diminution in value of investments written off						
	Doubtful advances written off						
	Operating Profit before Working Capital Changes	**512.51**	**559.53**	**406.29**	**478.40**	**687.12**	**354.89**
	Lease Rental Received			-	-	-	
	Amount Received on sale of development right of land				-	-	
	Decrease(Increase)in Sundry Debtors	43.12	-222.50	-44.92	-246.11	-538.40	-230.48
	Decrease(Increase)in Loans & Advances	1.60	-17.47	-8.05	-19.62	-79.85	-55.81
	Decrease(Increase)in Inventories	-5.92	-23.47	26.38	-90.96	-40.18	-117.60
	Decrease(Increase)in Sundry Creditors	-88.44	78.67	-137.21	194.72	-76.70	622.51
	Decrease(Increase)in other	-81.05	25.44	-1.42	10.93	-4.85	5.14

	Liabilities						
	Decrease(Increase)in Provisions						
	Decrease(Increase)in Advance from Debtors						
	Decrease(Increase)in Debtors unadjusted credit balance						
	Decrease(Increase)in Deposits				-		
	Cash Generated from Operations	**381.82**	**400.20**	**241.07**	**327.37**	**-52.86**	**578.64**
	Advance tax net of provision		2.45	-2.37	7.02	23.01	12.70
	Net Cash from Operating Activities before exceptional items	**381.82**	**397.75**	**243.45**	**320.35**	**-75.87**	**565.95**
	Less: Exceptional items:		-56.86	-2.70	-2.10		
	Net Cash from Operating Activities	**381.82**	**340.89**	**240.74**	**318.25**	**-75.87**	**565.95**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**						
	Purchase of Fixed Assets	-50.72	-46.09	-33.81	- 295.02	- 367.95	-484.87
	Proceeds from Sale of Investment	2.00	1.73				
	Investments			-	-	-	
	Dividend received	1.26		-	0.03	0.05	
	Interest Received	9.70	6.92	7.92	3.01	20.36	6.78
	Fixed Deposit, Savings & Dividend A/cs.		-	-	-		
	Net Cash from Investing Activities	**-37.77**	**-37.44**	**-25.90**	**- 291.98**	**- 347.54**	**-478.09**
C.	**CASH FLOW FROM FINANCING ACTIVITIES.**						
	Proceeds from borrowings	-165.38	-172.43	- 130.68	130.82	653.08	92.79
	Repayment of long term borrowings				-42.80	-51.40	
	Share Application money	0.27	-1.38				
	Net movement in margin money account		-	-	-	-	
	Dividend Paid						-53.08
	Interest Paid	-189.36	-161.21	- 112.09	-84.13	- 142.31	-78.00
	Net Cash from Financing Activities	**-354.47**	**-335.02**	**- 242.76**	**3.89**	**459.37**	**-38.29**
	Net increase in cash and cash equivalents	**-10.42**	**-31.57**	**-27.91**	**30.16**	**35.96**	**49.57**
	Cash and Cash equivalents:						
	At the beginning of the year	0.38	87.26	55.69	24.93	55.09	91.04
	Add:Cash and Cash equivalents taken over consequent						
	upon amalgamation	97.30					
	At the end of the year/ Half year	87.26	55.69	27.77	55.09	91.04	140.62

ANNEXURE XIV
STATEMENT OF SECURED LOANS

(A)	FROM BANKS:					(Rs. In Lacs)	
	Particulars	Amount Outstanding as on 31st March,02	Amount Outstanding as on 31st March,03	Amount Outstanding as on 31st March,04	Amount Outstanding as on 31st March,05	Amount Outstanding as on 31st March,06	Amount Outstanding as on 30th September06
1	**TERM LOAN**						
	State Bank of India	3.96			106.21	138.26	351.35
	I.D.B.I	209.21	160.38	94.56	50.62		
	G.S.F.C	34.82	22.19	9.59			
	ICICI Bank Ltd.	207.61	115.29				
2	**CORPORATE LOAN**						
	State Bank of India			50.00	75.00	450.44	393.60
3	**HIRE PURCHASE LOAN**						
	From Others for - Car, Bus & Moulds						
	Citicorp. Finance (India) Ltd.				10.72	6.83	4.83
	HDFC Bank Ltd.				9.87	5.64	3.49
	P & G H & H Care Limited	68.13	51.21	26.42	7.18		
	ICICI Limited	9.31	4.70	2.27			
	Garden finance Limited	24.51	13.81				
	Abuzu Holdings Limited	31.73	2.15				
4	**Working Capital Loans**						
I	**CASH CREDIT**						
	State Bank of India	418.91	370.34	145.35	224.46	211.83	553.72
II	**FCNRB DEMAND LOAN**						
	State Bank of India			294.84	283.24	290.45	290.45
III	**EXPORT PACKING CREDIT LOAN**						
	State Bank of India					135.71	52.64
IV	**FOREIGN BILLS REC. & DISC.**						
	State Bank of India					312.13	39.46
V	**Others**						
	ICICI Bank Ltd. OD on FDR	31.84	28.63				
	TOTAL	1,040.03	768.70	623.04	767.30	1,551.29	1,689.54

ANNEXURE XV
STATEMENT OF UNSECURED LOANS

(Rs. In Lacs)

Particulars	For the Year Ended 31st March	For the Year Ended 31st March	For the Year Ended 31st March	For the year Ended 31st March	For the year Ended 31st March	For the Half Year ended 30th September
	2002	2003	2004	2005	2006	2006
Payable to Promoters						
Deposit from directors	0.00	0.00	0.00	17.50	12.50	29.01
Deposit from others	33.85	33.22	32.73	37.98	43.59	71.16
Inter-Corporate Deposits	10.72	45.00	0.00	42.00	0.00	0.00
Sales Tax Deferment Scheme	432.37	497.62	558.11	479.92	390.38	300.85
TOTAL	**476.94**	**575.84**	**590.83**	**577.40**	**446.48**	**401.02**

Note:
Parties as identified by the company & relied upon by the Auditors.
Deposits are taken by the company as per the rules prescribed & the company pays interest at rates applicable under the Companies (Acceptance of Deposits) Rules, 1975 on the deposits. These deposits are repayable on demand.

Annexure XVI

SHAILY ENGINEERING PLASTICS LIMITED
STATEMENT OF INVESTMENTS

(Rs. In Lacs)

Particulars	For the Year Ended 31st March	For the Year Ended 31st March	For the Year Ended 31st March	For the Year Ended 31st March	For the Year Ended 31st March	For the Half Year Ended 30th September
	2002	2003	2004	2005	2006	2006
Investments in Promoter/ Promoter Group Companies *						
Quoted:						
Others:						
Unquoted:						
49 Fully Paid up Equity Shares of Rs.100/- each of	-	0.05	0.05	0.05	0.05	0.05

Sunido Textiles Ltd.						
100 Fully Paid up Equity Shares of Rs.100/- each of Sunido Textiles Ltd.	0.10	-	-	-	-	-
49 Fully Paid up Equity Shares of Rs.100/- each of Stallion Textiles Ltd.	-	0.05	0.05	0.05	0.05	0.05
100 Fully Paid up Equity Shares of Rs.100/- each of Stallion Textiles Ltd.	0.10	-	-	-	-	-
49 Fully Paid up Equity Shares of Rs.100/- each of Stanford Leasing & Finance Ltd.	-	0.05	0.05	0.05	0.05	0.05
100 Fully Paid up Equity Shares of Rs.100/- each of Stanford Leasing & Finance Ltd.	0.10	-	-	-	-	-
6,76,000 6% Cumulative Redeemable Preference Shares Fully Paid up of Rs.10/- each of Panax Appliances Pvt. Ltd.	67.60	67.60	67.60	67.60	67.60	67.60
1,24,000 Fully Paid up Equity Shares of Rs.10/- each of Panax Appliances Pvt. Ltd.	12.40	12.40	12.40	12.40	12.40	12.40
325 Fully Paid up Shares of Rs.25/- each of Citizen Cooperative Credit Society Ltd.	0.08	0.08	0.08	0.08	0.08	0.08
1,340 Fully Paid up Shares of Rs.25/- each of Cooperative Bank of Baroda	0.34	0.34	0.34	0.34	0.34	0.34
Fluctuating Interest Rate	1.50	-	-	-	-	-

Bonds Issued by State Bank Of India						
720 Fully Paid up Shares of Rs.10/- each of Urban Cooperative Bank Ltd.	0.07	-	-	-	-	-
Total	**82.29**	**80.56**	**80.56**	**80.56**	**80.56**	**80.56**
Book Value						
a) Aggregate of Quoted Investment	-	-	-	-	-	-
b) Aggregate of Unquoted Investment	**82.29**	**80.56**	**80.56**	**80.56**	**80.56**	**80.56**
Market Value						
a) Aggregate of Quoted Investment	-	-				
b) Aggregate of Unquoted Investment	-	-				

Note:
* After considering diminution in value of shares by the Auditors.

Note : There were no quoted investments held by the company as at September 30, 2006 under the head "Investments".

ANNEXURE XVII
STATEMENT OF SUNDRY DEBTORS

(Rs. In Lacs)

Particulars		**For the Year Ended 31st March**	**For the Year Ended 31st March**	**For the Year Ended 31st March**	**For the Year Ended 31st March**	**For the Year Ended 31st March**	**For the Half Year Ended 30th September**
		2002	**2003**	**2004**	**2005**	**2006**	**2006**
More than 6 months	Receivable from Promoter/ Promoter Group Co.		21.17	30.64	11.78	5.91	0.00
	Receivable from Others	31.12	49.13	29.54	40.66	148.28	222.84
	Less: Debtors considers doubtful of recovery w/off/ transferred to Reconstruction Reserve A/c **						
	Less: Provision						
TOTAL		**31.12**	**70.31**	**60.18**	**52.43**	**154.20**	**222.84**

(A)							
Less than 6 months	Receivable from Promoter/ Promoter Group Co.	21.02	41.29	40.10	30.04	28.63	32.50
	Receivable from Others	315.37	478.41	534.65	798.56	1,236.60	1,394.58
TOTAL (B)		**336.39**	**519.70**	**574.74**	**828.60**	**1,265.23**	**1,427.08**
TOTAL (A+B)		**367.51**	**590.01**	**634.92**	**881.03**	**1,419.43**	**1,649.92**

ANNEXURE XVIII
STATEMENT OF LOANS & ADVANCES

(Rs. In Lacs)

Particulars	**For the Year Ended 31st March**	**For the Year Ended 31st March**	**For the Year Ended 31st March**	**For the Year Ended 31st March**	**For the Year Ended 31st March**	**For the Half Year Ended 3oth September**
	2002	**2003**	**2004**	**2005**	**2006**	**2006**
Receivable from Promoter Group Co.	25.98	38.83	36.76	42.06	52.28	52.31
Others	-	-	-	-	-	
Loans To Employees	18.28	15.90	9.28	8.15	0.05	0.27
Advance tax including TDS & refund receivable (net of provision)	16.70	10.95	1.58	8.59	25.24	35.51
Balance with Central Excise/Custom Authorities	4.73	8.60	6.03	12.50	24.71	37.84
Other advances recoverable in cash or in kind or for value to be received	86.66	70.92	90.22	101.45	156.16	193.16
Deposits	8.15	27.03	27.01	24.76	25.50	30.93
TOTAL	**160.51**	**172.23**	**170.87**	**197.50**	**283.94**	**350.02**

1. **FINANCIAL INFORMATION OF GROUP COMPANIES**.

DETAILS OF ASSOCIATE CONCERNS

1. Name: PANAX APPLIANCES PVT. LTD
Regd. Office: behind Railway Station, Po. Jarod, Ta. Vaghodia , Dist. Baroda

Date of Incorporation: 21st September 1999

Nature of Activities: Company is engaged in the business of manufacture of high quality torches / flashlights. Company is the manufacturer of all " Novino " brand torches and flashlights under the license agreement from Matsushita Lakhanpal India Limited and are sold under the " Novino " brand by Matsushita Lakhanpal India Ltd. The company also manufactures torches under anax, Nippo and other brand like "SALORA "for Salora International.

Name of the Directors: Mr. Mahendra Sanghvi
Mr. Laxman Sanghvi
Mr Jayesh M Shah

The Authorised Capital of the Company as on 31st March 2006 is Rs 150,00,000.divided into 600,000 Equity shares of Rs 10 each and 9,00,000 Preference shares of Rs 10 each and the paid up capital is Rs 143,10,000divided into 6,00,000 Equity shares of Rs 10 each (less calls unpaid) and 8,71,000 preference shares of Rs 10 each .

SHAREHOLDING PATTERN AS ON 31ST MARCH 2006

Name of the Shareholder	**No of shares**	**% Holding**
Promoters, Director , relative & others		
Laxman Sanghvi	9000	1.50
Shaily Mahendra Sanghvi	84000	14.00
Jayesh Mohanlal Shah	6000	1.00
Purnima Mohanlal Shah	39000	6.50
Neela Hasmukh Shah	45000	7.50
Mahendra Sanghvi	9000	1.50
Kalpana Laxman Sanghvi	69000	11.50
Shaily Engineering Plastics Ltd.	124000	20.67
Shailesh P. Gadhia	200000	33.33
Others	15000	2.50
Foreign shareholding	Nil	Nil
Non Promoter Corporate Holding	Nil	Nil
Total	**600,000**	**100.00**

FINANCIAL PERFORMANCE

Particular	**For the year ended** *Rupees in lacs*		
	2003-04	**2004-05**	**2005-2006**

Sales and other income	188.01	211.68	286.15
Gross Profit	23.82	11.27	35.31
Net Profit after tax	(13.77)	1.32	10.76
Cash Accruals	(2.92)	11.27	35.54
Equity Capital Preference Capital	56.00 87.10	56.00 87.10	56.00 87.10
Net Worth	59.55	58.21	89.78
No of Equity shares	600,000	6,00,000	600,000
Earning per share	(2.29)	(0.22)	1.79
Book Value per share	(4.81)	(5.00)	0.45

The Company is not a listed Company
Company has not made any public or rights issue in the Preceding three years
The Company has neither become sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up
The company has made loss for the Financial year 2003-2004, 2004-2005 in the immediately preceding three financial years
There is no outstanding litigation, defaults or suits against the Company except as disclosed under section "outstanding defaults & material developments "on page no **[.]** of this draft prospectus and there is no default in meeting any of Statutory/Bank/Industrial dues. No proceedings have been initiated for economic offences against the Company.

2. NAME: SHAILY – IDC (INDIA) PVT. LTD.
Reg office: Survey # 366, Po. Rania – 391 780, Taluka Savli, Dist. Baroda

Date of Incorporation: 28th November 2000

Nature of Activities of the Company: The Company is engaged in the business of design. The company has tied up with Industrial Design Consultancy Limited (IDC) UK for undertaking design projects in India.

Name of the Directors: Mr. Mahendra Sanghvi
Mr. Laxman Sanghvi
Mrs.Tilottama Sanghvi

The Authorised Capital of the Company as on 31st March ,2006 is Rs 25,00,000 divided into 25,00,000 Equity shares of Rs 10 each and the paid up share Capital is Rs 100,000 divided into 10,000 equity shares of Rs 10 each .

SHAREHOLDING PATTERN AS ON 31ST MARCH 2006

Name of the Shareholder	No of shares	% Holding
Promoters, Director & relative Mahendra Sanghvi Laxman Sanghvi Tilottama Sanghvi	 5000 2500 2500	 50.00 25.00 25.00
Foreign shareholding	Nil	Nil
Non Promoter Corporate Holding	Nil	Nil
Total	10,000	100.00

FINANCIAL PERFORMANCE

Particular	For the year ended *Rupees in lacs*		
	2003-04	**2004-05**	**2005-2006**
Sales and other income	0.03	15.04	0.00
Gross Profit	(2.28)	1.88	(0.06)
Net Profit after tax	(2.28)	1.73	(0.06)
Cash Accruals	(2.28)	1.73	(0.06)
Equity Capital	0.02	1.00	1.00
Net Worth	(21.39)	(18.68)	(19.74)
No of shares	200	10,000	10,000
Earning per share	(1,138.45)	1.73	(0.64)
Book value per share	(10,906.65)	(186.80)	(187.44)

The Company is not a listed Company Company has not made any public or rights issue in the Preceding three years. The Company has become sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 but is not under winding up. The company has made loss for the financial year 2005-2006, 2003-2004 in the immediately preceding three financial years

There is no outstanding litigation, defaults or suits against the Company and there is no default in meeting any of Statutory/Bank/Industrial dues. No proceedings have been initiated for economic offences against the Company.

3. NAME: STALLION TEXTILE LIMITED

Registered office: 51, Dariyasthan Street, Vadgadi, Mumbai – 400 003
Date of Incorporation: 19th May 1982
Name of the directors: Mr. Mahendra Sanghvi
Mr. Laxman Sanghvi
Mrs. Tilottama Sanghvi
Nature of Activity of the Company: The Company is presently not engaged in any activity however the object of the company as stated in the Memorandum of Association is in the business of manufacturing & trading in man made & synthetic, yarns & fabrics.

The Authorised Capital of the Company as on 31st March 2006 is Rs 25,00,000.divided into 2,50,000 equity shares of Rs 100 each and the paid up share Capital is Rs 10000.divided into 100 Equity shares of Rs 100 each.

SHAREHOLDING PATTERN AS ON 31ST MARCH 2006

Name of the Shareholder	No of shares	% Holding
Shailesh P Gadhia Shaily Engineering Plastics Ltd Others	45 49 6	45.00 49.00 6.00
Foreign shareholding	Nil	Nil
Non Promoter Corporate Holding	Nil	Nil
Total	100	100.00

Financial Performance

Particular	**For the year ended** *Rupees in lacs*		
	2003-04	**2004-05**	**2005-2006**
Sales And other income	-	-	-
Gross Profit	(0.02)	(0.02)	(0.02)
Net Profit after tax	(0.02)	(0.02)	(0.02)
Cash Accruals	(0.02)	(0.02)	(0.02)
Equity Capital	0.10	0.10	0.10
Net Worth	(2.27)	(2.29)	(2.31)
No of shares	100	100	100
Earning per share	(20.80)	(21.02)	(21.22)
Book value per share	(2369.22)	(2390.24)	(2411.46)

The Company is not a listed Company has not made any public or rights issue in the preceding three years. The company has made loss in the immediately preceding three financial years.

The Company has become sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 but not is under winding up. The Company has become a defunct company since the paid up capital is less than Rs 1 lac and thereby not complying Section 3(iii) of the Companies Act 1956.

There is no outstanding litigation, defaults or suits against the Company and there is no default in meeting any of Statutory/Bank/Industrial dues. No proceedings have been initiated for economic offences against the Company.

4. NAME: SUNIDO TEXTILES LTD.

Registered office: 51, Dariyasthan Street, Vadgadi, Mumbai – 400 003
Date of Incorporation: 19th May 1982.
Name of Directors : Mr. Mahendra Sanghvi
Mr. Laxman Sanghvi
Mrs. Tilottama Sanghvi
Nature of Activities: The Company is presently not engaged in any activity however the object of the company as stated in the Memorandum of Association is in the business of manufacturing & trading in man made & synthetic, yarns & fabrics.

The Authorised Capital of the Company as on 31st March, 2006 is Rs 25,00,000 divided into 25,0000 Equity shares of Rs 100 each and the paid up share Capital is Rs 10000 divided into 100 equity shares of Rs 100 each .

SHAREHOLDING PATTERN AS ON 31ST MARCH 2006

Name of the Shareholder	**No of shares**	**% Holding**
Shailesh P Gadhia	45	45.00
Shaily Engineering Plastics Ltd	49	49.00
Others	6	6.00
Foreign shareholding	Nil	Nil
Non Promoter Corporate Holding	Nil	Nil
Total	100	100.00

FINANCIAL PERFORMANCE

Particular	For the year ended *Rupees in lacs*		
	2003-04	**2004-05**	**2005-2006**
Sales and other income	-	-	-
Gross Profit	(0.04)	(0.05)	(0.02)
Net Profit after tax	(0.04)	(0.05)	(0.02)
Cash Accruals	(0.04)	(0.05)	(0.02)
Equity Capital	0.10	0.10	0.10
Net Worth	(7.87)	(7.92)	(7.95)
No of Equity shares	100	100	100
Earning per share	(40.08)	(53.28)	(21.22)
Book value per share	(7,973.09)	(8,026.37)	(8,047.59)

The Company is not a listed Company
Company has not made any public or rights issue in the Preceding three years
The company has made loss in the immediately preceding three financial years.
The Company has become sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 but not is under winding up. The Company has become a defunct company since the paid up capital is less than Rs 1 lac and thereby not complying Section 3(iii) of the Companies Act 1956.

There is no outstanding litigation, defaults or suits against the Company and there is no default in meeting any of Statutory/Bank/Industrial dues. No proceedings have been initiated for economic offences against the Company.

5. NAME: STANFORD LEASING & FINANCE LTD.

Registered office: 51, Dariyasthan Street, Vadgadi, Mumbai – 400 003
Date of incorporation: 9th April 1984
Name of Directors : Mr. Mahendra Sanghvi
Mr. Laxman Sanghvi
Mrs. Tilottama Sanghvi
Nature of Activities:: The company is presently not engaged in any activity. The business of the company as per the main object of the company is to undertake finance & investment business.

The Authorised Capital of the Company as on 31st March , 2006 is Rs 1,00,000 divided into 10,000 Equity shares of Rs 100each and the paid up share Capital is Rs 10000 divided into 100 Equity shares of Rs 100 each .

SHAREHOLDING PATTERN AS ON 31ST MARCH 2006

Name of the Shareholder	No of shares	% Holding
Shailesh P Gadhia Shaily Engineering Plastics Ltd Others	45 49 6	45.00 49.00 6.00
Foreign shareholding	Nil	Nil
Non Promoter Corporate Holding	Nil	Nil
Total	100	100.00

FINANCIAL INFORMATION

Particular	For the year ended *Rupees in lacs*		
	2003-04	**2004-05**	**2005-2006**
Sales and other income	-	-	-
Gross Profit	(0.035)	(0.05)	(0.02)
Net Profit after tax	(0.035)	(0.05)	(0.02)
Cash Accruals	(0.035)	(0.05)	(0.02)
Equity Capital	0.10	0.10	0.10
Net Worth	(0.36)	(0.41)	(0.53)
No of Equity shares	100	100	100
Earning per share	(34.88)	(49.14)	(15.22)
Book Value per share	(464.08)	(513.22)	(528.44)

The Company is not a listed Company .Since the activity of the company is finance The Companies does not fall under sick Industrial Companies (Special Provisions) Act, 1955 Hence the definition of sick company is not applicable to it. Company is not under winding up. The Company has become a defunct company since the paid up capital is less than Rs 1 lac and thereby not complying Section 3(iii) of the Companies Act 1956.

The Company has made loss in the immediately preceding three years.

There is no outstanding litigation, defaults or suits against the Company and there is no default in meeting any of Statutory/Bank/Industrial dues. No proceedings have been initiated for economic offences against the Company.

COMMON PURSUITS

There is no conflict of interest with Group Company. Company is not in any way direct/indirect competition in the segment in which Group company operates

DISASSOCIATION BY PROMOTERS FROM THE COMPANY/FIRMS DURING LAST THREE YEARS.

The Promoters have not disassociated themselves from any of the companies/firms during preceding three years.

SALE AND PURCHASE BETWEEN GROUP COMPANIES IN THE PROMOTER GROUP

There are no sales or purchase between companies in the Promoter's group, wherein such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of the Issuer Company. The material items of income or expenditure arising out of transactions in the Promoter's group are disclosed under "Related Party Disclosures" appearing under Section: Financial Information of the Company on page [•] to [•] of this Draft Prospectus.

CHANGES IN ACCOUNTING POLICIES IN THE LAST 3 YEARS:

There is no change in Accounting Policies in the Last three years and the Company generally follows the mercantile system of accounting except in case of leave encashment and gratuity, which are accounted for on the basis of actuarial valuation . Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

RELATIONSHIP OF SUNDRY DEBTORS WITH THE ISSUER COMPANY, PROMOTERS, DIRECTORS, IF ANY

Except Panax Appliances Pvt Ltd (group company) none of the Sundry debtors are related to the issuer company, promoters, Directors.

RELATIONSHIP BETWEEN THE PERSON/ENTITY TO WHOM LOAN AND ADVANCE HAVE BEEN GIVEN WITH THE ISSUER COMPANY, PROMOTERS, DIRECTORS, IF ANY

Except Panax Appliances Pvt ltd, Shaily IDC (India) Pvt Ltd,Staliion Textile Limied,Sunido Textile Limited, Standford Leasing & Finance Limited (group companies) none of the person/Entity to whom loan and advance have been given are related to the issuer company, promoters, directors

2. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIALCONDITIONS AND RESULTS OF OPERATIONS

The following discussion is based on our restated financial statements for the last 5 financial years ended 31st March and six months ended 30th September 2006 which have been prepared in accordance with Indian GAAP , the Companies Act and the SEBI (DIP N) guidelines and on information available from other sources . Our fiscal year ends on 31st March each year , so all references to a particular year are to the twelve month period ended 31st March of that year . Our historical financial performance may not be considered as indicative of our future financial performance.

BUSINESS OVERVIEW

The company is engaged in the business of manufacture of high precision injection moulded plastic, sub assemblies & molds & dies for various original Equipment manufacturers requirements. The company has 4 plants @ Baroda. The supplies high precision injection moulded plastic components to

ABB Ltd.
Procter & Gamble India Ltd.
Hindustan Lever Ltd through its contract manufacturers
Siemens Ltd.
L & T Ltd.
Secure Meters Ltd.
IKEA Trading Pvt. Ltd.

The income of the company has grown as under in the last 3 years

Particulars	Year ended 31st March 04	Year ended 31st March 05	Year ended 31st March 06	Six months ended 30th Sep 06
		Rs in lacs		
Total Income	2393.83	2946.46	3784.09	2146.08
Growth - Rs in lacs		552.63	837.63	
Growth - %		23.09 %	28.43 %	

We have international quality standards like ISO 9001: 2000 & TS 16949: 2001 for design & manufacture of precision injection moulded plastic components & assemblies for our manufacturing facilities .

We offer "Total Plastic Solutions "to our customers under one roof. We have facilities for injection moulding facilities for thermoplastic, thermoset & BMC / DMC raw materials and in addition to injection moulding have the following facilities in house .

- Product design
- Mould design & manufacture
- Vacuum moralizing
- Pad printing
- Hot stamping

- Ultrasonic welding
- Assembly

Factors affecting results of our operations

- General economic conditions in India and global markets
- Fluctuations in rate of exchange between the Rupee and major foreign currencies
- Changes in interest rates
- Fluctuations in net working capital

These factors and number of future developments may affect the company's results of operations , financial condition and cash flows in future . The company believes that in addition to the foregoing factors , the future developments which may affect the future results operations , financial condition and cash flows are

- Company's ability to expand operations
- Pricing pressures
- Funding on new working capital .

An overview of the key financials for the past five years is as follows ;

RESTATED SUMMARY OF PROFIT & LOSS ACCOUNT

(Rs.in Lacs)

Particulars	**YEAR ENDED 31ST MARCH 2002**	**YEAR ENDED 31ST MARCH 2003**	**YEAR ENDED 31ST MARCH 2004**	**YEAR ENDED 31ST MARCH 2005**	**YEAR ENDED 31ST MARCH 2006**	**HALF YEAR ENDED 30TH SEPTEMBER 2006**
INCOME						
Gross Sales:	2772. 66	2978.37	2695.52	3282.93	4207. 30	2344.49
Less : Excise	334.47	324.26	329.77	376.56	444.70	246.53
Of products manufactured by the Company (net of Excise duty)	2,438.18	2,654.11	2,365.74	2,906.37	3,762.60	2097.96
Of products traded in by the Company	-	-	-	-	-	
Sub-total	2,438.18	2,654.11	2,365.74	2,906.37	3,762.60	2,097.96
Other Income	14.72	14.07	27.28	6.24	28.88	11.64
Increase/Decrease in Stock	54.79	-22.85	0.80	33.85	-7.39	36.48
Total	2,507.70	2,645.33	2,393.83	2,946.46	3,784.09	2,146.08
EXPENDITURE				-	-	
Purchase of goods traded	-	-	-	-	-	
Raw materials Consumed	999.33	1,011.65	1,020.55	1,403.14	1,783.32	1123.77
Staff Costs	277.27	340.57	309.80	381.35	473.97	250.54
Other Manufacturing expenses	482.17	470.25	433.23	448.80	503.23	252.71
Administration expenses	101.74	123.44	130.05	135.40	158.08	76.63

Selling & Distribution expenses	94.38	133.78	88.61	100.97	156.98	71.22
Loss on Sale of Investments	-	-	-	-	-	
(Write back)/Provision for diminution in value of investments			-			
Interest	222.51	179.13	127.60	97.46	157.06	92.39
Total Expenditure	2,177.40	2,258.82	2,109.84	2,567.14	3,232.63	1,867.25
Less: cost capitalised	-	-	-			
Total operating expenses	2,177.40	2,258.82	2,109.84	2,567.14	3,232.63	1,867.25
Profit before depreciation, doubtful advances & extraordinary items	**330.30**	**386.52**	**283.99**	**379.33**	**551.46**	**278.83**
Gross Depreciation -on Original cost	325.41	304.53	268.71	276.26	285.93	151.06
-on Revalued Cost	-	-	-	-	-	
Less: Transfer from Revaluation reserve	-	-	-	-	-	
Net Depreciation	325.41	304.53	268.71	276.26	285.93	151.06
Provision for Doubtful advances (net)	-	-	-			
Net adjusted profit/ (loss) before extraordinary items	**4.89**	**81.99**	**15.28**	**103.06**	**265.52**	**127.77**
Add: Extraordinary items	(1.92)	(0.41)	(1.30)	(0.31)	(1.06)	
Net adjusted profit/ (loss) after extraordinary items	**2.97**	**81.58**	**13.98**	**102.75**	**264.47**	**127.77**
Less: Provision for current tax (including Wealth tax)	0.25	6.25	1.20	8.20		16.00
Less: Provision for deferred tax (net)				-9.42	82.20	2.57
Less: Fringe Benefit Tax					5.71	2.85
Less: Tax Provision for earlier years		4.55	0.75		-	
Effect of adjustments on tax	-					
Net profit/ (loss) after taxation & adjustments	**2.72**	**70.78**	**12.03**	**103.97**	**176.56**	**106.34**

Comparison of the operating results for the half year ended 30th September 2006 to the year ended 31st March 2006

Sales

Against net income 3784.09 lacs for the year ended 31st March 2006 the company has achieved net income of Rs 2146.06 lacs for the six months ended 30th September 2006. The company had commissioned the EOU plant in July 2006 and this has plant is working at full capacity from Sep 06 . The sales for the half year ended 30th September 2006 include 2 months pf sales from the EOU plant .

Raw material
The raw material cost for the six months ended 30th September 2006 is 52.36 % of net income as compared to 47.13 % the year ended 31st March 2006 , up 5.23 % . This is due to large volume business now being taken by the company in which the overall RM content in higher .

Operating expenses
Staff costs for the six months ended 30th September 2006 is 11.67 % of net income as compared to 12.53 % for the year ended 31st March 2006 , down 0.86 % .
Manufacturing expenses for the six months ended 30th September 2006 is 11.78 % of net income as compared to 13.30 % for the year ended 31st March 2006 , down 1.52 % .
Administration expenses & selling expenses for the six months ended 30th September 2006 are 6.89 % of net income as compared to 8.33 % for the year ended 31st March 2006 , down 1.44 % .

Financial expenses
Finance expenses including interest for the six months ended 30th September 2006 is 4.30 % of net income as compared to 4.15 % for the year ended 31st March 2006 , up 0.15 % . The increase is due to increase in borrowings .

Depreciation
Depreciation for the six months ended 30th September 2006 is 7.04 % of net income as compared to 7.56 % for the year ended 31st March 2006 , down 0.52 % .

Profit After Tax (PAT)
PAT for the six months ended 30th September 2006 is 4.96 % of net income as compared to 4.67 % for the year ended 31st March 2006 , up 0.29 % .

Comparison of the operating results for the year ended 31st March 2006 to the year ended 31st March 2005

Sales
Against net income 2946.46 lacs for the year ended 31st March 2005 the company has achieved net income of Rs 3784.09 lacs for the year ended 31st March 2006 . This represents an increase of Rs 837.63 lacs or 28.43 % over 31st March 2005,

Raw Material
The raw material cost for the year ended 31st March 2006 is 47.13 % of net income as compared to 47.62 % the year ended 31st March 2005 , down 0.49 % .

Operating Expenses
Staff costs for the year ended 31st March 2006 is 12.53 % of net income as compared to 12.94 % for the year ended 31st March 2005 , down 0.41 % .
Manufacturing expenses for the year ended 31st March 2006 is 13.30 % of net income as compared to 15.23 % for the year ended 31st March 2005 , down 1.93 % .
Administration expenses & selling expenses for the year ended 31st March 2006 are 8.33 % of net income as compared to 8.03 % for the year ended 31st March 2005 , up 0.30 % .

Financial Expenses
Finance expenses including interest for the year ended 31st March 2006 is 4.15 % of net income as compared to 3.31 % for the year ended 31st March 2005 , up 0.84 % . The increase is due to increase in term & working capital borrowings .

Depreciation
Depreciation for the year ended 31st March 2006 is 7.56 % of net income as compared to 9.38 % for the year ended 31st March 2005 , down 1.82 % .

Profit After Tax (PAT)

PAT for the year ended 31st March 2006 is 4.67 % of net income as compared to 3.53 % for the year ended 31st March 2005 , up 1.14 %

Comparison of the operating results for the year ended 31st March 2005 to the year ended 31st March 2004

Sales

Against net income 2393.83 lacs for the year ended 31st March 2004 the company has achieved net income of Rs 2946.46 lacs for the year ended 31st March 2005 . This represents an increase of Rs 552.63 lacs or 23.09 % over 31st March 2004.

Raw material

The raw material cost for the year ended 31st March 2005 is 47.62 % of net income as compared to 42.63 % the year ended 31st March 2004 , up 4.99 % . This was due to change in product mix and global increase in oil & petrochemical prices which lead to an increase in raw material prices.

Operating expenses

Staff costs for the year ended 31st March 2005 is 12.94 % of net income as compared to 12.94 % for the year ended 31st March 2004.
Manufacturing expenses for the year ended 31st March 2005 is 15.23 % of net income as compared to 18.10 % for the year ended 31st March 2004 , down 2.87 % .
Administration expenses & selling expenses for the year ended 31st March 2005 are 8.03 % of net income as compared to 9.13 % for the year ended 31st March 2004 , down 1.13 % .

Financial expenses

Finance expenses including interest for the year ended 31st March 2005 is 3.31 % of net income as compared to 5.33 % for the year ended 31st March 2004 , down 2.02 % .

Depreciation

Depreciation for the year ended 31st March 2005 is 9.38 % of net income as compared to 11.23 % for the year ended 31st March 2004 , down 1.85 % .

Profit After Tax (PAT)

PAT for the year ended 31st March 2005 is 3.53 % of net income as compared to 0.50 % for the year ended 31st March 2004 , up 3.03 %

Information required as per clause 6.10.5.5 of SEBI

Unusual or infrequent events or transactions

There have been no events which may be called “unusual ” or “ infrequent ” .

Significant economic / regulatory changes that materially affected or are likely to affect income from continuing operations

Any changes in tax structure , may affect profitability . Except the above , there are no significant economic changes that materially affect or are likely to affect the income from existing operations .

Known trends and uncertainties

There are no known trends or uncertainties that have had or are expected to have a material adverse impact on sales, income or revenue from continuing business.

Future the relationship between costs & revenues
As spelt out in the offer document, the Company's cost revenue relationship reflects a direct correlation with each other. The company expects the future relationship between costs and revenue to further improve positively, resulting in an improved bottom line.

Total turnover of each major industry segment in which the company operated
Industry information is not available

Status of any publicly announced new product or business segment
The company has publicly not announced any new product or business segment .

Seasonality of the company's business
The business of the company is not seasonal in nature

Level of dependence on a single or few customers or suppliers
The company sources its raw materials from a number of suppliers and is not under threat from excessive dependence on any single supplier. The threat from excessive dependence on a single supplier is not significant as the customer base is well diversified.

Competitive conditions
We are one of the few integrated players while a large part of the industry is in the unorganized sector . We believe as business consolidation and movement of business from small to integrated players happens , we would be able to get a larger portion of the business .

Conclusion
We are in the niche segment of high precision injection moulding and amongst the very few integrated players who service diverse industries . We plan to take on large business where we can leverage our strengths. We are encouraged to believe , by our clients that our strengths lies in integrated facilities alongwith our emphasis on quality & delivery .

SECTION V: LEGAL AND OTHER INFORMATION

1. OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

The company certifies that except as stated herein, there are no:

- Other pending litigations against the company.
- Outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956).
- Such cases of pending litigations, defaults etc in respect of Companies/firms/ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.
- Disciplinary action/ investigation has been taken by Securities and Exchange Board of India (SEBI)/ Stock Exchanges against the Company, its directors, promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.
- Cases against the Company or its Promoters of economic offences in which penalties were imposed on promoters.
- Pending litigations, defaults, non payment of Statutory dues, proceedings initiated for economic offences/civil offences, any disciplinary action taken by the Board /Stock Exchanges against the Company/Promoters and their business ventures/Directors other than those mentioned in this Draft Prospectus and that no litigations have arisen after the issue of SEBI's observation letter and the Company and its Directors take full responsibility of the information mentioned in the Draft Prospectus.
- Promoters, their relatives (as per Companies Act, 1956), issuer, Group Companies, Associated Companies are detained as willful defaulters by RBI/Government Authorities.
- Violations of Securities Laws committed by the Promoters, their relatives (as per Companies Act, 1956), issuer, Group Companies, Associated Companies in the past or pending against them.

OUTSTANDING LITIGATIONS INVOLVING SHAILY ENGINEERING PLASTICS LIMITED

FILED AGAINST THE COMPANY:

LABOUR CASES

SR No	Name of the opposite party	Place of Litigation	Court /Authority before which litigation is pending	Case No/Year Instituted	Claim Amount (Rs in lacs)	Provision made in the Balance Sheet
1	Mr. Ganpatsinh V. Baria	Baroda	Labour Court (Baroda)	LCV 2 – 1284 / 98	------	No
2	Mr. Ranjitsinh Vaghela	Baroda	Labour Court (Baroda)	LCV 2 – 1465 / 98	------	No
3	Mr. Somabhai Ramabhai Dabhi	Baroda	Labour Court (Baroda)	LCV 2 – 1066/ 99	------	No
4	Mr. Bhailal P. Solanki	Baroda	Labour Court (Baroda)	LCV 265 / 2000	------	No

5	Mr Dinesh R. Harijan	Baroda	Labour Court (Baroda)	LCV 342/02	------	No
6	Mr. Veera Makwana	Godhra	Labour Court (Godhra)	LCG 355 / 1992 Godhra	------	No
7	Mr. Veera Makwana	Godhra	Labour Court (Godhra)	LCG 427 / 1992 Godhra	------	No
8	Rastriya Mazdur Union	Vadodara	Labour Court (Baroda)	122 to 133/2000	------	No

BRIEF HISTORY OF THE CASE .

1. Mr Ganpatsinh V Baria (Worker) has loged a case in Labour Court, Baroda asking for reinstatement. His job was terminated due to labour restructuring in the organization. He has not resumed till date even though Company has offered him employment . The next date of hearing is 5th December, 2006.
2. Mr Ranjitsinh Vagela has lodged a claim in the Labour Court asking for reinstatement with back wages. Company has submitted a reply stating that Mr Ranitsinh Vagela was regulary absent from his duties without any prior notice to the company and company has also denied the demands made from Mr Ranjitsinh Vagela .The next date of hearing is 30th November, 2006.
3. Mr Somabhai Ramabhai Dabhi was working as a Driver in the Company. He has resigned on his own from the company. Subsequently he lodged a case in the Labour Court for reinstatement with back wages. Company in their reply has denied the demands made from Mr Somabhai Ramabhai Dabhi. The next date of hearing is 5th December, 2006.
4. Mr Bhailal P Solanki was found guilty in theft for which domestic enquiry was conducted by the company and he was terminated from the services. Mr Bhailal P Solanki had lodged a case in the court for reinstatement with back wages. Company in their reply has denied the demands made from Mr Bhailal P Solanki the next date of hearing is awaited.
5. Mr Dinesh R Harijan has resigned on own by giving resignation letter to the Company on 01/07/1997 and after about two years he has lodged case in the Labour Court asking for reinstatement with back wages. Company in their reply has denied the demands made from Mr Dinesh R Hariajn . The next date of hearing is 12th December, 2006.
6. & 7Worker has stopped attending duty on his own claiming for payment for overtime working and thereafter he lodged a claim for overtime and restatement with back wages. Company in their reply has denied the demands made from Mr Veera Makwan . The next date of hearing is 14th December, 2006.
   8. Rashtriay Mazdur Union on behalf of workers has filed a case against the company for reinstatement with back wages . Company in their reply has denied the demands made from Rashtriay Mazdur Union.

EXCISE CASES:

Sr. No.	Name of the opposite party	Place of Litigation	Case No/Year Instituted	Claim Amount (Rs in lacs)	Provision made in the Balance Sheet
1	Asstt. Commissioner, Central Excise	Halol	V/ 15-14/SCN/Shaily/2006	185197/-.	No
2	Dy. Commissioner, Central Excise	Vadodara	V. Ch.39(4)62/SCN/05-06	198428/-	No
3	Jt. Commissioner, Central Excise	Vadodara	V. Ch.84(4)3/Dem//JC/2006	1585,746/-	No

1. The Asstt. Commissioner, Central Excise & Customs, Division Halol has issued show cause notice # V/15-14/SCN/Shaily/2006 dated 29.09.2006 to the company stating that there is a short payment of duty by the company amounting to Rs.185,197/- by misclassifying the goods named ie Nipple/16, Nipple/17, and Reducer 17 x16 and thereby cleared the same without payment of duty for the period September 2005 to October 2006..The date of personal hearing is awaited.
2. The Deputy Commissioner, Central Excise & Customs, Division I, Vadodara I has issued show cause notice # V. Ch.(4)62/SCN/05-06 dated 1.06.2006 to the company claiming that Company as taken the total value of the Invoice and have not considered the discount availed by them and thereby have availed excess cenvat credit of Rs.198,428/-.
3. The Jt. Commissioner, Central Excise & Customs, Vadodara I, has issued show cause notice (SCN) # V. Ch.84(4)3/Dem//JC/2006 dated 15.11.2006 to the company stating that company has availed canvat credit of Rs.1585,746/- on capital goods i.e. moulds received from Hindustan Lever Ltd. (HLL) on rental basis for manufacturing activities for which company has to pay rent to HLL. The said moulds are imported by HLL Whereas Show Cause Notice is issued on the basis that cenvat credit is allowed only if the capital goods are acquired by the company on lease, hire purchase or loan agreement from the finance company and HLL is not a finance company. It is also stated in the Show cause notice that even agreement executed between HLL and company is not notarized or executed before appropriate legal authority.and there is a mutual understanding between the parties for selling the machinery to another in guise of lease agreement and there is a contravention of the conditions of sub-rule (3) of Rule 4 of Cenvat Credit Rules, 2002.

SALES TAX CASES:

Sr No	**Authority before whom case is pending**	**Year**	**Provision made in the Balance Sheet**
1.	Assistant Commissioner (Appeal Baroda)	1995-96	**No**
2	Assistant Commissioner (Appeal Baroda)	1996-97	**No**
3	Assistant Commissioner (Appeal Baroda)	1997-98	**No**
4	Assistant Commissioner (Appeal Baroda)	1998-99	**No**
5	Assistant Commissioner (Appeal) Baroda	2002-03	**No**

BRIEF HISTORY OF THE CASE

1. The Assessing Authority has raised a demand of Rs 34,424/- for the year 1995-1996.The Assessing Authority at Vadodara has not accepted consolidated (single) `C' Form issued for two units of the company at Halol and Vadodara (Rania) since company has already submitted the same at Halol. Subsequently Deputy Commissioner of Sales Tax (Appeals02) has partially allowed the appeal against the order of Asstt. Commissioner of Sales Tax (Circle 23), Vadodara. Against the said order company has filed an appeal before the Hon'ble Gujarat Sales Tax Tribunal at Ahmedabad. The Tribunal has accepted the appeal and reverted back the matter to the Asstt. Commissioner of Sales Tax for assessment of documents at appeal level.

2. The Assessing authority has raised a demand of Rs 12,328/-for the year 1996-1997 for local sales tax. The Assessing Authority did not allow the company to present Form 19 which company has received later due to non availability of the same with the department. The Assessing Authority has also disallowed rejection of the goods against the said Form. Company has filed appeal before the Hon'ble Gujarat Sales Tax Tribunal at Ahmedabad. The Tribunal has accepted the appeal and reverted back the matter to the Asstt. Commissioner of Sales Tax for assessment of documents at appeal level.

   The Assessing authority has raised a demand of Rs 108,401/-for the year 1996-1997 for central sales tax. The Assessing Authority did not allow the company to present Form 19 which company has received later due to non availability of the same with the department. The Assessing Authority has also disallowed rejection of the goods against the said Form. Company has filed appeal before the Hon'ble Gujarat Sales Tax Tribunal at Ahmedabad. The Tribunal has accepted the appeal and reverted back the matter to the Asstt. Commissioner of Sales Tax for assessment of documents at appeal level.

3. The Assessing Authority has raised a demand of Rs 58,596/- for the year 1997-1998.The Assessing Authority has disallowed the claim of the company due to rejection of goods not considered by Appellant Authority Against the order company has filed an appeal before the Hon'ble Gujarat Sales Tax Tribunal at Ahmedabad. The Tribunal has accepted the appeal and reverted back the matter to the Asstt. Commissioner of Sales Tax for reconsideration of the matter and fresh decision after providing reasonable opportunity of hearing and producing necessary documents.

4. The Assessing Authority has raised demand of Rs.55,509/- on cental sales tax for the year 1998-99 from the company because of non submission of Form `C', calculation of tax on rejected sales, tax calculation mistake etc. On appeal by the company to the Hon'ble Gujarat Sales Tax Tribunal at Ahmedabad. The Tribunal has accepted the appeal and reverted back the matter to the Asstt. Commissioner of Sales Tax for assessment of documents at appeal level.

   The Assessing Authority has raised demand of Rs.12,36,180/- on local tax for the period 1998-99 from the company disallowing the transaction between Registered Dealer and Registered Dealer and transaction of inter state sale. Material purchased and return back due to rejection is also considered as sales.by Assessing Authority.In addition there were other transactions for which company has submitted `C' form but Sales Tax Authorities has considered that sales as a local sales and charged 15% CST on the same. On appeal of the company to the Hon'ble Gujarat Sales Tax Tribunal at Ahmedabad. The Tribunal has accepted the appeal and reverted back the matter to the Asstt. Commissioner of Sales Tax with a direction to provide a reasonable opportunity of proving the case of rejected goods.

5. The Assessing Authority has raised demand for Rs.47,082/- for the year 2002-203 for non payment of purchase tax for which the company has adjusted the same against payment made at checkpost Company has approached Appellant Commissioner to allow the adjustment of purchase tax payment.

DGFT CASES:

Details of Show Cause Notice received from DGFT, Baroda for non fulfillment of export obligation against advance license are as under

Sr No	Show Cause Notice No. and Date	Licence No /date	Export Obligation (Rs in lacs)
1	34/24/040/00075/AM05/360-22.09.2006	3410011285-23.08.2004	
2	34/24/040/00123/AM05/360-13.10.2006	3410011970-10.11.2004.	25.19

3	34/24/040/00103/AM05/360-13.10.2006	341001163404.10.2004	2.08
4	34/24/040/00104/AM05/360-13.10.2006	3410011653-5.10.2004	30.96
5	34/24/040/00086/AM05/360-12.10.2006	3410011470-10.09.2004	12.69
6	34/24/040/00102/AM05/360-13.10.2006	3410011638 - 04.10.2004	6.38
7	34/24/040/00101/AM05/360-13.10.2006	3410011629 -04.10.2004	15.53

OUTSTANDING LITIGATIONS INVOLVING GROUP COMPANIES

FILED AGAINST THE COMPANY

1. PANAX APPLIANCES PRIVATE LIMITED.

SN	Parties	Authority befo which it is pendir Case No /date	Issue.	Present status	Amount Involved (Rs)
1	Deputy Collector (Stamp Duty Valuation Organization Div II) Vadodara V/s	Chief Controlling Revenue Authority (Gandhinagar) 12/201 dated 29/12/2001	Dispute with respect payment of stamp duty paid on agreement made for purchase of property	Appeal has been field before Chief Controlling Revenue Authority (Gandhinagar) and awaiting for a judgement.	303903/-
2	Deputy Collector (Stamp Duty Valuation Organization Div II) Vadodara V/s	Deputy Collector (Stamp Duty Valuation Organization Div II) Vadodara V/s	Dispute with respect payment of stamp duty paid on agreement made for purchase of property	Reply has been submitted	710,000/-

LABOUR LAW

SR No	Name of the opposite party	Issue	Place of Litigation	Court before which litigation is pending	Case No/Year Instituted	Present status	Claim Amount (Rs in lacs)	Provision made in the Balance Sheet
1.	Mafat Zaverbhai Rabari	Claim for reinstatement with back wages	Vadodara	Labour Court (Baroda)	Misc. 6 / 2006	The case is pending with the Court and next date of hearing is 5.12.2006	-	-

REQUIREMENT OF CLAUSE 6.11.1.5

None of the financial litigations have arisen after filing the Draft Prospectus with SEBI.

AMOUNTS DUE TO SMALL-SCALE UNDERTAKINGS

Amounts due by the Company to any small-scale undertaking creditors for more than 30 days and in excess of Rs 100,000/- as of 30th September 2006 are as under.

Aashirwad Poly-plast, Adroit Polymers, Aeropack Products, Akvira Arts, Apte & Apte Organic Coating, Arav Enterprises, Arrow Speciality Co.,B R Engineering Works, Bharat Hardware Industries, Blue Stare Metal & Engineering Works, C K Industries, Careprint, Chauhan Engineering, Classic Engineering, D P Polymers Products, Dwarika Plastic Industries, Efficient Engineering, Eknath Industries, Elegant Coating Pvt Ltd, Globe Engineering owrks, jasmin Enterprises, Kalyanin engineering Works, Kamal Industries, Kantilal Chhotalal & Co, Kinnari Printing Technologies Pvt Ltd, Kinnari Pad Flex, Multipack Industries, Maruti Plastics, Mech Cad Services, Om Sai Decoplast Pvt Ltd, P P Plastics, Pagar & Sons, Patson Machine Tools, Pioneer Engineering Corporation, Prabhat Tech Mark Consultant, Prabhat Udyog, Precision Spring Works, Raviraj Industries, Romil Industries, R S Engineers, Shiv Om Brass Manufactures, Shree Tulja Industries, Shreenathji Engineers, Smit Printers, Solar Industries, Sterling Electrical Products, Supreme Lamp, Shree Kuldevi Polymers, Super Metal Industries, Technocomp, Trushna Engineering, Turn O Precision, Udvadia Engineering Works, Unifab Engineers, Unitrade India, Vaishnav Fastners, Vibhuti Consultant & Designers, Vibhuti Consultant & Designers,

MATERIAL DEVELOPMENTS SINCE THE LAST BALANCE SHEET DATE:

Except for the Phase I of the project which has beem implemented and commercial production started in the EOU plant on 27th July 2006 , in the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last financial statements disclosed in this Draft Prospectus, any circumstance that materially or adversely affect or are likely to affect the profitability of the Company or the value of its consolidated assets or its ability to pay its material liabilities within the next twelve months other than as disclosed in the offer document.

2. GOVERNMENT APPROVALS/ LICENSING ARRANGEMENTS:

Except as mentioned below , the Company has received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its present business & for proposed projects and no further approvals are required by the company for carrying on the present as well as proposed business activities of the Company. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake this Issue and its current business activities and no further major approvals from any statutory authority are required to continue current business activities.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

GOVERNMENT AND OTHER APPROVALS

Sr No.	Issuing Authority	Registration/ License No.	Nature of Registration/License	Validity / Date
Incorporation and other statutory Compliances				
1	Registrar of Companies, Maharashtra	22531	Certificate of Incorporation	One time regn
2	Registrar of Companies, Maharashtra	22531/80	Certificate of Commencement of Business	One time regn
3	Registrar of Companies, Maharashtra	11-22531	Fresh Certificate of Incorporation consequent on Change of Name	One time regn
Labour laws				
1	Chief Factory Inspector, Baroda Region, Gujarat State	096115	Registration of Factory at Halol	Valid till 31.12.2008
2	Chief Factory Inspector, Baroda Region, Gujarat State	087807	Registration of Factory at Rania	Valid till 31.12.2008
3	Chief Factory Inspector, Baroda Region, Gujarat State	002437	Registration of Factory at Rania – Finishing Division	Valid till 31.12.2008
4	Asstt. Commissioner of Labour and Registering Officer, Contract Labour, Vadodara	ACL/BRD/CLA /CLR/348	Registration for engagement of Labour Contract at Rania Factory	One time regn
5	Asstt. Commissioner of Labour and Registering Officer, Contract Labour, Godhra	ACL/GDA/CLA /CLR/2/96/492	Registration for engagement of Labour Contract at Halol Factory	One time regn

6	Asstt. Commissioner of Labour and Registering Officer, Contract Labour, Vadodara	ACL/BRD/CLA /CLR/10205	Registration for engagement of Labour Contract at EOU Plant at Rania	One time regn
	Excise			
1	Vadodara II– Div –Halol Cominissionerate Central Excise & Customs	AACCS5500QXM 003	Approval for manufacturing of Excisable goods at Halol Plant	One time regn
2	Vadodara I– Cominissionerate Central Excise & Customs	AACCA6600RX M002	Approval for manufacturing of Excisable goods at Finishing Division	One time regn
3	Vadodara I– Cominissionerate Central Excise & Customs	AACCA6600RX M001	Approval for manufacturing of Excisable goods at Rania Plant	One time regn
4	Asstt. Commissioner of Central Excise & Customs, Division-I, Vadodara-I	AACCA6600RX M004	Approval for manufacturing of Excisable goods at Rania for 100% EOU	One time regn.
	Service Tax (Pending)			
1	Service Tax Cell Division – III, Range-V Vadodara –I	CES/D-III/V-I/332/SEPL/03	Consulting Engineering Services Repairs & Maintenance Commissioning & Installation Business Auxiliary Services for Rania /Finishing / Halol Plant. Goods Transport Agency for Rania Plant.	One time regn
2	Service Tax Cell Division – III, Range-V Vadodara –I	GTA/D-III/V-1/408/SEP(FD)/ 05	Goods Transport Agency for Finishing Division	One time regn
3	Service Tax Range, Halol Vadodara –II	GTA/S.TAX/952 /HALOL/2005	Goods Transport Agency for Halol Plant	One time regn
4	Service Tax Range, Division III Vadodara –I	GTA/D-III/V-I/799/SEPL/06	Goods Transport Agency for EOU Plant	One time regn

	Environment			
1	Gujarat Pollution Control Board	GPCB/BO/TECH/VRD-1316/5534/2005	Consolidated consent and Authorisation for Water, Air and Hazardous (Amendment to consent order # 12 issued on 17.10.2005) For Finishing Division	31.05.2008
2	Gujarat Pollution Control Board	GPCB/BO/TECH/VRD-1534/5443	Consolidated consent and Authorisation for Water and Hazardous (consent order # 106 dt. Of issue 28/9/2006) For Rania Plant	31/08/2011
3	Gujarat Pollution Control Board	GPCB/GDA/TECH/PMS-206/2008/2004	Consolidated consent and Authorisation for Water and Hazardous For Halol Plant	10.10.2009
4	Gujarat Pollution Control Board	GPCB/BO/TECH/VRD-1534/3058/2006	Consolidated consent and Authorisation for Water and Air For IKEA Div (100% EOU)	8.06.2011
	Others			
1	Professional Tax Officer (1) Division-1, Gh.7, Vadodara	PR1921000002	Registration under Gujarat Tax on Professional Tax for Rania Plant	One time regn
2	Professional Tax Officer (1) Division-1, Gh.7, Vadodara	PE1921000005	Registration under Gujarat Tax on Professional Employment for Rania Plant	One time regn
3	Professional Tax Officer (1) Division-1, Gh.7, Vadodara	PR1921000003	Registration under Gujarat Tax on Professional Tax for Finishing Division	One time regn
4	Professional Tax Officer (1) Division-1, Gh.7, Vadodara	PE1921000007	Registration under Gujarat Tax on Professional Employment for Finishing Division	One time regn
5	Deputy Development Commissioner, Kandla Special Economic Zone	KASEZ/100%EOU/II/64/2005-06/1192	Establishment of 100% EOU at Rania	One time regn
6	Director General of Foreign Trade	0302057277	Certificate of Importer-Exporter Code (IEC) for all the Plants	One time regn
7	The Plastics Export Promotion Council	PLEPC/S/723/2003-04	Registration Cum Membership Certificate	31.032008
8	Sales Tax Officer (1), Div – 1, Gh. 7, Vadodara	24192100541	GST Registration for Manufacturer / Seller from Rania/Halol / EOU Factory	One time regn
9	Sales Tax Officer (1), Div – 1, Gh. 7, Vadodara	24192100542	GST Registration for Manufacturer / Seller from Finishing Division	One time regn

10	Sales Tax Officer (1), Div – 1, Gh. 7, Vadodara	24692100542	CST Registration for Manufacturer / Seller from Finishing Division	One time regn
11	Sales Tax Officer (1), Div – 1, Gh. 7, Vadodara	24692100541	CST Registration for Manufacturer / Seller from Rania	One time regn
12	Ministry of Industry Dept of Indl Policy & Promotion Secretariat of Indl Assistance	137/SIA/IMO/2003	Approval for manufacture of Other Articles of Plastics and Articles of other materials	One time regn
13	TUV CERT Certification Body of TUV Industries Service GmbH	01 111 033372	ISO/TS 16949:2002 Manufacture of Plastic Components & Assemblies for Automotive Applications	2004-05-14 to 2007-05-13
14	TUV CERT Certification Body of TUV Industries Service GmbH	01 100 033372	DIN EN ISO 9001:2000 Design and Manufacture of Plastic Components & Assemblies	2007-5-13
15	Madhya Gujarat Vij Co. Ltd.	BD/Tech/DE-1/8297	Release of Power supply for EOU Plant	One time Reg.
16	Income Tax Authority	AACCA6600R.	Permanent Account number	One time Reg
17	Income Tax Authority	BRDA01022A.	Tax deducted at Source number	One time Reg

APPROVALS TO BE OBTAINED FOR THE PROPOSED EXPANSION

SR NO	APPROVAL/ CONSENTS	AUTHORITY
1.	Registration with SIA from Ministry of Industry	Ministry of Industry Dept of Indl Policy & Promotion Secretariat of Indl Assistance
2.	Registration under the CST / VAT	Sales Tax Department
3.	Registration under the Factories Act	O/o The Joint Director, Industrial Safety and Health
4.	NOC/ Consent Environmental clearance	State Pollution Control Board
5.	Consent for Power supply	State Electricity Board
6.	Consent of Central Excise Authority for manufacture of goods	Central Excise & Customs
7.	Registration under Service Tax	Service Tax Cell Central Excise & Customs
8.	Registration under Provident Fund Act	O/o The Regional Provident Fund Commissioner
9.	Registration under Contract Labour Regulation Act	O/o The Government Labour Officer
10.	Approval of the Town Planning Department	O/o The Town Planning Department

11.	Registration with District Industries Center.	O/o The Industries Commissioner, District Industries Central

SECTION VI: REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of equity shares has been authorized vide Special Resolution passed at the Annual General Meeting of the Company held on 29th May,2006 and a resolution passed by the Board of Directors at its meeting held on 27th April 2006

PROHIBITION BY SEBI

The Company, its directors, its Promoters and persons in control of the Company, the subsidiaries, the group companies and companies with which the Company's directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.Further no action, punitive or otherwise, has been taken against the promoters/Directors of the Company by SEBI or any other regulatory authority under Regulation Act.Further there have been no violation of securities laws committed by the aforementioned persons of the company in the past or pending against them.

ELIGIBILITY FOR THE PUBLIC ISSUE

In terms of clause 2.3 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and amendment thereof, Shaily Engineering Plastics Limited is eligible to make a public issue of equity shares as explained below.

1. The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through offer document + firm allotment + promoters' contribution through the offer document), does not exceed five (5) times its pre-issue net worth as per the audited balance sheet of the last financial year**.**

(Rs in lacs)

a)	Proposed issue through Offer document	2400.00
b)	All previous issues made in the same financial year in terms of size (i.e. offer through offer documents +firm allotment promoter contribution through the offer document)	Nil
c)	5 times the net worth results in the company eligible to raise	6653.05

2. The Company has not changed its name within the last one year.

SEBI DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THIS DRAFT PROSPECTUS HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI). IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF DRAFT PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED/ CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT PROSPECTUS. THE LEAD MANAGER CENTRUM CAPITAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE

GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURE AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER CENTRUM CAPITAL LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 16th DECEMBER 2006 WHICH READS AS FOLLOWS:

"1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE DRAFT PROSPECTUS PERTAINING TO THE SAID OFFER;

2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY;

WE CONFIRM THAT:

- **a. THE DRAFT PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**

- **b. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;**

- **c. THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED OFFER;**

- **d. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID;**

- **e. WE HAVE SATISFIED OURSELVES ABOUT THE WORTHOF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITTING COMMITMENTS**

THE FILING OF THE DRAFT PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER(S) (MERCHANT BANKERS) ANY IRREGULARITIES OR LAPSES IN THE DRAFT PROSPECTUS.

GENERAL DISCLAIMER

The Company, the Directors and the Lead Manager accept no responsibility for statements made otherwise than in the Draft Prospectus or in the advertisements or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information, including the Company's website, www.Shaily.com would be doing so at his/ her own risk.

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Lead Manager and the Company.

All information shall be made available by the Company and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centers or elsewhere.

GENERAL DISCLAIMER OF THE ISSUER

The Company accepts full responsibility for the accuracy of the information given in this Draft Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, the omission of which makes any statement in this Draft Prospectus misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts. The Company further declares that the Stock Exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this proposed public issue or for the price at which the equity shares are offered or for the correctness of the statements made or opinions expressed in this Draft Prospectus.

The Promoters/directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Draft Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to misstatement/misrepresentation and in the event of its transpiring at any point of time till allotment /refund, as the case may be, that any information/material has been suppressed/withheld and /or amounts to an misstatements/misrepresentation , the promoters /directors undertake to refund the entire application monies to all subscribers within seven days thereafter without prejudice to the provision o section 63 of the Companies Act,1956.

The issuer will update the Draft Prospectus and keep the Public informed of any material changes in the document till the listing and trading.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are Adult Individuals and not lunatic, in single name or joint names (not more than three); Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares), permitted Insurance Companies and to non-residents including NRIs and FIIs as defined under the Indian Laws.

This Draft Prospectus does not, however, constitute an issue to sell or an invitation to subscribe to Equity Shares Issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus comes is required to inform himself / herself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court at Mumbai in India only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that this Offer Document has been submitted to the SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft

Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this draft Prospectus nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Investors may please note that Central Government/ RBI do not take any responsibility for the financial soundness or correctness of the statements disclosed in this Offer Document.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGE, MUMBAI (BSE):

As required, a copy of the Draft Prospectus has been submitted to BSE (the Designated Stock Exchange). The BSE has given vide its letter dated **[•]** granted permission to this Company to use the BSE's name in this Draft Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. The BSE has scrutinized this Draft Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

The BSE does not in any manner:

a) warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document ; or

b) warrant that this Company's securities will be listed or will continue to be listed on the BSE; or

c) take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this Draft Prospectus has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

FILING

A copy of the Draft Prospectus has been filed with the Corporate Finance Department of SEBI at "SEBI Bhavan , Bandra Kurla Complex, Bandra (E) , Mumbai 400 051.

A copy of the Draft Prospectus, along with the documents required to be filed under 60B of the Companies Act would be delivered for registration to the Registrar of Companies, Everst Building , Marine lines, Mumbai and a copy of the Draft Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC.

LISTING

Initial listing applications have been made to Bombay Stock Exchange Ltd for permission to list the Equity Shares and for an official quotation of the equity shares of the Company.

In case, the permission for listing of the equity shares is not granted by any of the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it, then the Company and every director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 of the Companies Act, 1956.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, 1956 (hereinafter referred to as the Act) which is reproduced below:

"Any person who:

a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
b) Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

CONSENTS

Consents in writing of the Directors, Compliance Officer, the Auditors, Legal Advisors, the Banker to the Issue, Bankers to the company, Lead Manager, Registrar to the Issue, Monitoring Agency, to act in their respective capacities, have been obtained and filed along with a copy of the Draft Prospectus, with the Registrar of Companies, Everest Bldg., Marine Lines, Mumbai and such consents have not been withdrawn up to the time of delivery of this Draft Prospectus for registration.

M/s.Shah Sanghvi & Company Auditors of the Company have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Draft Prospectus.

EXPERT OPINION

Except as stated elsewhere in this Draft Prospectus, the Company has not obtained any expert opinions.

EXPENSES OF THE ISSUE

The expenses of the Issue include *interalia* Management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows

Activity	**Amount (Rs.)**	**% of the total issue expenses**	**% of total issue size**
Lead Managers Fees / Brokerage and selling commission	90	54.55	3.75
Printing , stationery and dispatch	35	21.21	1.46
Advertising and marketing expenses	20	12.12	0.83
Registrar fees, Legal Fees	5	3.03	0.21
Advisor to the issue	5	3.03	0.21
Others	10	6.06	0.42
TOTAL	**165**	**100.00**	**6.88**

FEES PAYABLE TO THE LEAD MANAGER

The total fees payable to the lead manager will be as per the memorandum of understanding executed between the Company and the Lead Manager dated 6th December 2006 a copy of which is available for inspection at the Registered Office & Head office of the Company.

FEES PAYABLE TO THE REGISTRAR TO THE ISSUE

The fees payable to the Registrar to the Issue, M/s.Bigshare services private limited will be as per the Memorandum of Understanding between the Company and the Registrar dated 27/11/2006. A copy of which is available for inspection at the registered office & Head office of the Company.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

BROKERAGE AND SELLING COMMISSION

Brokerage will be paid by the Company at the rate of 1% on the issue price of Equity Shares offered to the public on the basis of allotment made against applications bearing the stamp of the members of any recognized Stock Exchanges in India in the broker's column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of allotments made against applications procured by them provided the relevant forms of applications bear their respective stamps in the Broker's column.

PREVIOUS PUBLIC OR RIGHTS ISSUE (DURING THE LAST 5 YEARS):

Shaily Engineering Plastics Limited has not made any public or Rights issue in the last five years.

PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH:

For details please refer to section entitled 'Capital Structure" on page no. **[.]** of this Draft Prospectus.

COMMISSION OR BROKERAGE ON PREVIOUS ISSUES:

The company had paid commission or brokerage as per prevalent regulations at the time of the previous issue.

PARTICULARS IN REGARD TO SHAILY ENGINEERING PLASTICS LIMITED AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370(1)(B) OF THE COMPANIES ACT, 1956 WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS

Shaily Engineering Plastics Limited has not made any public issue during the last three years.

Shaily Engineering Plastics Limited does not have any other listed companies under the same management within the meaning section 370(1) (B) of the Companies Act, 1956.

PROMISES *vs.* PERFORMANCE:

The Company has made its maiden public offer of 30000 Equity shares of Rs 10/- each for cash aggregating Rs 10/- in the year 1980. However, Company has not made any promise or projection in the Draft Prospectus issued in respect of its maiden public offer.

<u>LISTED VENTURE OF THE PROMOTERS</u>

The promoter does not have any listed venture and hence information on promises vis-à-vis performance as far as projection is concerned is not available.

OUTSTANDING DEBENTURES OR BOND ISSUE OR PREFERENCE SHARES:

The Company has no outstanding debentures or bond issue or redeemable preference shares.

STOCK MARKET DATA FOR THE COMPANY'S EQUITY SHARES

There has been no trading in the equity shares of the Company in the Bombay Stock Exchange Limited since the year 1996. The last traded price is Rs 34.40 as on 16th August 1996 at Bombay Stock Exchange Limited.

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES

The company has appointed the registrar to the issue; M/s Bigshare Services Private Limited to handle the investor grievances in coordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and branch. The company would monitor the work of the registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the issue, namely, Bigshare Services private limited will handle investor's grievances pertaining to the issue .A fortnightly status report of the complaints received and redressed by them would be forwarded to the company. The company would also be co-coordinating with the registrar to the issue in attending to the grievances to the investor. The company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

	Nature of complaint	**Time Table**
1.	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Change of Address Notification	Within 7 days of receipt of information
3.	Any other complaint in relation to Offer for Sale	Within 7 days of receipt of complaint with all relevant details

The company has appointed Mr Sanjay Shah as Compliance Officer who would directly deal with SEBI officer with respect, to implementation/compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints .The investors may contact the Compliance Officer in case of any issue related problems. The Compliance Officer would be available at the Head office of the Company.

CHANGES IN AUDITORS DURING THE LAST THREE YEARS WITH REASONS THEREOF:

There have been no changes in auditors of the company during the last three years

CAPITALISATION OF RESERVES OR PROFITS DURING THE LAST FIVE YEARS:

The company has not made capitalization of profits during the last Five years

REVALUATION OF ASSETS DURING THE LAST FIVE YEARS:

None of the Assets of the Company have been revalued during the last five Years.

SECTION VII –OFFERING INFORMATION

1. TERMS OF THE ISSUE

The Equity Shares being issued are subject to the terms of this Draft Prospectus, the Memorandum and Articles of Association of the Company, provisions of the Act, other applicable Acts and the terms and conditions as may be incorporated in the Application Form the Letters of Allotment/Equity Share Certificates or other documents/ certificates that may be executed in respect of this issue. The Equity shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, the concerned Stock Exchanges, RoC and/or other Authorities, as in force on the date of the issue and to the extent applicable.

RANKING OF EQUITY SHARES

The Equity shares being issued shall be subject to the provisions of the Memorandum and Articles of Association of the Company rank pari passu with the existing Equity shares of the Company including rights in respect of dividend. The allottees will be entitled to dividend or any other corporate benefits (including dividend), if any, declared by the company after the date of Allotment.

MODE OF PAYMENT OF DIVIDEND

The declaration and payment of dividend will be recommended by the Board of Directors and declared by the shareholders at their discretion and will depend on a number of factors including but not limited to the earnings, capital requirements and overall financial conditions.

FACE VALUE AND ISSUE PRICE

Each Equity Share being offered is of face value of Rs. 10 and is offered at an issue price of Rs. **[.]** Per Equity Shares which is **[.]** times of the Face value. At any point of time there shall be only one denomination for the Equity Shares

RIGHTS OF THE EQUITY SHAREHOLDERS

* Right to receive dividend, if declared.
* Right to attend general meeting and exercise voting rights unless prohibited by law.
* Right to vote either personally or by proxy.
* Right to receive offer for rights shares and the allotted bonus shares.
* Right to receive surplus on liquidation.
* Such other rights as may be available to a shareholder of a Public Limited Company under the Companies Act, 1956.

MARKET LOT

In terms of section 68B of the Companies Act, the Equity shares of the Company shall be allotted only in dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity shares of the Company shall be only in dematerialised form for all investors

Since trading of the equity shares will be in dematerialised mode, the tradable lot is one Equity share. Allocation and allotment of Equity shares through this issue will be done in electronic form in multiple of one equity shares subject to minimum of **[.]** Shares.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Act, the sole or first applicant, along with other joint Applicants, may nominate any one person in whom, in the event of the death of the applicants, as the case may be, the equity shares allotted if any, shall vest. A person being a nominee, entitled to the equity shares by reason of death of the original holders (s), shall in accordance with Section 109A of the Act be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity shares. Where the nominee is a minor, the holder may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity shares in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity shares by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made on a prescribed form available on request at the registered office of the Company or to the Registrar and Transfer Agents of the company. In accordance with Section 109B of the Act, any person who becomes nominee by virtue of 109A of the Act shall upon production of such evidence as may be required by the Court, elect either:

1. To register himself or herself as holder of Equity Shares or
2. To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the equity shares, until the requirement of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with the Company. The nominations registered with the respective depository participants of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

MINIMUM SUBSCRIPTION

If the Company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after closure of the issue on account of cheques having returned unpaid or withdrawal of application, the Company shall forthwith refund the entire subscription amount received. If there is delay beyond 8 days after the company become liable to pay the amount, the Company shall pay interest as per section 73 of the Companies Act, 1956.

WITHDRAWAL OF THE ISSUE

The Company in consultation with the Lead Manager, reserve the right not to proceed with the Issue at anytime including after the issue closing date but before allotment, without assigning any reason thereof. In case the Company decides so, it shall issue a public notice within two days of the closure of the issue, indicating the reasons for withdrawal of the issue in the newspaper in which the issue advertisement appeared earlier. The Company shall also inform the Stock Exchange on which the shares are proposed to be listed.

PERIOD OF SUBSCRIPTION

The subscription list for public issue shall remain open for at least 3 working days and not more than 10 working days.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The Company has not made any arrangements for disposal of odd lot of shares arising out of this issue as the tradable lot is ONE.

RESTRICTIONS, IF ANY, ON TRANSFER AND TRANSMISSION OF SHARES AND ON THEIR CONSOLIDATION/SPLITTING

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation /splitting, please refer sub-heading "Main Provisions of the Articles of the Association of Shaily Engineering Plastics Limited appearing on page [•] of this draft prospectus.

2. ISSUE PROCEDURE:

Pre-IPO Placement

The Company is considering a pre-FPO /private placement of up to [.] Equity Shares with certain investors (the "Pre-FPO Placement"). Company will complete the issuance, if any, of such Equity Shares prior to the completion of this Issue. If the Pre-FPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Net Issue, subject to a minimum size of 25% of the post-Issue capital.

AUTHORITY OF THE PRESENT ISSUE

Pursuant to Section 81 (1A) of the Companies Act, 1956 the present issue of equity shares has been authorised vide special resolution passed at the AGM of the Company held on 29th May 2006 and resolution passed by Board of Directors held on27th April 2006.

PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, Memorandum and Articles of the Company, the terms of this Draft Prospectus, Application Form, and other terms and conditions as may be incorporated in the Letters of Allotment/Equity Share Certificates or other documents that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the Issue of capital and listing of Equity Shares offered from time to time by SEBI, Government of India, Stock Exchanges, RBI, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

OPTION TO SUBSCRIBE

As on the date of this document, there are no pending options to subscribe to Equity Shares or convertible instruments pending conversion into Equity Shares of any kind.

The investor can seek allotment only in dematerialised mode. However the investor shall have option to hold the Equity Shares in physical form or demat form. After the allotment in the proposed issue the allotees may request their respective DP for rematerialisation of shares if they wish to hold the shares in physical shares.

The shares of the company will be traded on the stock exchange only in demat mode with a depository.

HOW TO APPLY

AVAILABILITY OF DRAFT PROSPECTUS AND APPLICATION FORM

Application forms with Memorandum Form 2A containing the salient features of the Draft Prospectus together with Application Forms and copies of the Draft Prospectus may be obtained from the Registered Office of the Company, Lead Manager to the Issue, Registrar to the Issue and at the collection centres of the Bankers to the Issue, as mentioned on the Application Form.

NRIs / FIIs / Indian Mutual Funds & Indian and Multilateral Development Financial Institutions can obtain the Application Form from the registered office of the Company.

APPLICATION MAY BE MADE BY:

a) Indian Nationals, who are resident in India and are Adult Individuals and are not lunatic, in single name or joint names (not more than three)

b) Hindu Undivided Families through the Karta of the Hindu Undivided Family

c) Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in the Shares.

d) Scientific and/ or Industrial Research Organization, which are authiorized to invest in shares;

e) Indian Mutual Funds registered with SEBI

f) Indian Financial Institutions & Banks

g) Indian Venture Capital Funds / Foreign Venture Capital Funds registered with SEBI subject to the applicable RBI Guidelines and Approvals, if any.

h) State Industrial Development Corporations

i) Insurance Companies registered with Insurance Regulatory and Development Authority

j) Provident Funds with minimum corpus of Rs.2500 Lakhs

k) Pension Funds with minimum corpus of Rs.2500 Lakhs

l) Multilateral and Bilateral Development Financial Institutions

m) Trusts or Societies registered under the Societies Registration Act, 1860 or any other applicable Trust Law and are authorised under its constitution to hold and invest in Equity Shares of a Company

n) Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India

o) Permanent and Regular employees of the Company

p) Non-Resident Indians (NRIs) on repatriation / non-repatriation basis

q) Foreign Institutional Investors (FIIs) on repatriation / non-repatriation basis

APPLICATIONS NOT TO BE MADE BY:

a) Minors

b) Partnership firms or their nominees

c) Foreign Nationals (except NRIs)

d) Overseas Corporate Bodies (OCBs)

e) Trusts(except as stated above)

APPLICATIONS BY HINDU UNDIVIDED FAMILIES (HUF)
Applications may be made by Hindu Undivided Families (HUF) through the Karta of the HUF and will be treated at par with individual applications.

APPLICATION FORMS
Application must be made only on the prescribed Application form and should be completed in BLOCK LETTERS IN English as per the instructions contained in the Application form, and are liable to be rejected if not so made .The prescribed applications forms will have the following colours.

Category	Colour of Application Forms
Indian Public including eligible NRIs applying on non repatriation basis.	White
NRIs/FIIS on repatriation basis	Blue

SUBSCRIPTION BY NRIS/ FIIS
As per the extant policy of the Government of India, OCBs cannot participate in this Issue. Investments made by NRIs / FIIs are governed by the regulations contained in FEMA 20/2000-RB dated May 3, 2000 read with AP (DIR Series) Circular No. 38 dated December 2, 2003 shall be applicable. It is to be distinctly understood that there is no reservation and separate Application Form for NRIs on non-repatriation basis

and FIIs registered with SEBI and all NRI (on non-repatriation basis) and FII applicants will be treated on the same basis with other categories for the purpose of allotment.

MINIMUM AND MAXIMUM APPLICATION SIZE

1) For Retail Individual Investors: Applications should be for minimum of **[.]** Equity Shares and in multiples of **[.]** Equity Shares thereafter, so as to ensure that the amount payable by the applicant does not exceed Rs 1, 00,000.

2) For Other Investors: Application should be for a minimum of such number of Equity Shares so that amount payable by the applicant exceeds Rs 1,00,000 and in multiples of **[.]** Equity Shares thereafter.

An applicant in the net public category cannot make application for that number of Equity Shares exceeding the number of Equity Shares offered to the public. A single application can be made only for the number of shares that are offered to each respective category.

TERMS OF PAYMENT

The entire Issue price of Rs. **[.]** per share is payable on application only. In case of allotment of lesser number of Equity Shares than the number applied, the Company shall refund the excess amount paid on application to the applicants.

PRE-ISSUE ADVERTISEMENT

A statutory advertisement will be issued by the Company after the filing of the Draft Prospectus with the RoC. This advertisement will contain the information that has to be set out in the statutory advertisement. Any material updates, if any, between the date of filing of Draft Prospectus with RoC and the date of release of this statutory advertisement will be included in the statutory advertisement.

GENERAL INSTRUCTIONS FOR APPLICANTS

1. Application by Resident Indian Public

1) Applications must be made only on the prescribed Application Form and should be completed in BLOCK LETTERS in English as per the instructions contained herein and in the Application Form, and are liable to be rejected if not made so.

2) Thumb impressions and signatures other than in English/ Hindi or any other language specified in the Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/ her official seal.

3) <u>Bank Account Details Of Applicant</u>

The name of the Applicant, Depository Participant's name, Depository Participant's Identification (DP ID) number and the Beneficiary number provided by the Depository participant must be mentioned correctly in the Application Form at the appropriate place. The Registrar will obtain the Demographic details such as Address, Bank account details and occupation from the depository participants. The refunds, if any, will be printed with the Bank details as given by the Depository participant.

4) Applicants should write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares.

5) Applications should be for a minimum of **[.]** Equity Shares and in multiples of **[.]** Thereafter.

6) Applications in the name of minors, foreign nationals(except NRIs), Trusts not registered under the Societies Registration Act, 1860, or any other Trust laws, partnership firms or their nominees, OCBs, will be treated as invalid.

7) HUF should specify that the application is being made in the name of the HUF in the application form as "Name of the sole or first applicant: XYZ HUF applying through XYZ, where XYZ is the name of the Karta". Application by HUFs would be considered at par with those from individuals.

For further instructions, please read the Application Form carefully.

INSTRUCTIONS FOR APPLICATIONS BY INDIAN MUTUAL FUNDS AND INDIAN AND MULTILATERAL DERVELOPMENT FINANCIAL INSTITUTIONS:

No mutual fund scheme shall invest more than 10% of its net asset value in Equity Shares or equity related instructions of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under its entire scheme should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

A separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications provided the applications made by the Asset Management Company or Trustees/Custodians of a Mutual Fund clearly indicate the name of the concerned scheme and their intention as to each scheme concerned for which application has been made for which application is being made.

Indian Mutual Funds and Scheduled Banks should apply in this Public Issue based upon their own investment limits and approvals.

Application forms together with cheques or bank drafts drawn in Indian Rupees for the full amount payable at the rate of Indian Rs**[.]** per share must be delivered before the close of subscription list to such branches of the Bankers to the Issue places mentioned in the application form.

A separate single cheque/bank draft must accompany each application form.

INSTRUCTIONS FOR APPLICATIONS BY NRIS/FIIS (ON REPATRIABLE BASIS):

1) As per the exim policy of the Government of India, OCBs cannot participate in this Issue. Investments made by NRIs/FIIs are governed by the regulations contained in FEMA 20/2000-RB dated May 3, 2000, under automatic route of Reserve Bank; the Company is not required to make an application for Issue of Equity shares to NRIs/FIIs with repatriation benefits.

2) However, the allotment / transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

3) In case of application by NRIs on repatriation basis, the payments must be made through Indian rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in Foreign Exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Subscribers applying on a repatriation basis. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to NRE or FCNR account.

4) In case of application by FIIs on repatriation basis, the payment should be made out of funds held in Special Non-Resident Rupee Account along with documentary evidence in support of the remittance like certificates such as FIRC, bank certificate etc. from the authorised dealer. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to Special Non-Resident Rupee Account.

5) Duly filled Application Forms along with cheques/ bank drafts in favour of -____________ **Bank A/c-SEPL- Public Issue-NR**" by NRIs / FIIs will be accepted at designated branches of the Bankers to the Issue at Mumbai and Delhi only.

6) Refunds/dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges / commission. In case of applicants who remit their application money from funds held in NRE / FCNR accounts, such payments shall be credited to their respective NRE / FCNR accounts (details of which shall be furnished in the space provided for this purpose in the Application Form), under intimation to them. In case of applicants who remit their money through Indian Rupee Drafts from abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as maybe permitted by RBI at the exchange rate prevailing at the time of remittance and will be dispatched by registered post, or if the applicants so desire, will be credited to their NRE / FCNR accounts, details of which are to be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the applicant on account of conversion of Foreign Currency into Indian Rupees and vice versa.

7) Applications in this category may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under this category.

   It is to be distinctly understood that there is no reservation for NRIs & FIIs registered with SEBI and all NRI & FII registered with SEBI will be treated on same basis with other categories for the purpose of allotment.

APPLICATION BY NRI ON NON- REPARTIATION BASIS: - can be made using the form meant for public out of the funds held in Non- Resident (Ordinary) Account (NRO). The relevant bank certificate must accompany such forms. Such application will be treated on par with the application made by the public.

PAYMENT INSTRUCTIONS
For Resident Individuals

1. Payments should be made in cash or cheque or bank draft drawn on any Bank (including a Co-operative Bank), which is situated at and is a member or a sub-member of the Bankers' "Clearing House", located at the Centers (indicated in the Application Form) where the Application is accepted. However, if the amount payable on application is Rs. 20,000/- or more, in terms of section 269SS of the Income-Tax Act, 1961; such payment must be effected only by way of an account payee cheque or bank draft. In case payment is effected in contravention of the conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon.
2. A separate cheque/demand draft should accompany each application.
3. Money orders, postal orders, outstation cheques or bank drafts, cheques / draft drawn on Banks not participating in the "clearing" will not be accepted and applications accompanied with such instruments may be rejected.
4. A separate cheque / bank draft must accompany each application form.
5. All cheques / bank drafts accompanying the application should be crossed **"A/c Payee Only"** and made payable to the Bankers to the Issue and marked **"(_______Bank A/c SEPL – Public Issue"**.

Category of Application	**Cheques/Bank Draft Favouring**
Indian Public including eligible NRIs applying on non- repatriation basis	"______Bank A/c -.SEPL – Public Issue"
NRIs/FIIs on repatriation basis	"________Bank A/c –SEPL –NR"

5. Investors will not have facility of applying through stockinvest instruments as RBI has withdrawn the stockinvest scheme vide notification no. DBOD.NO.FSC.BC.42/24.47.001/2003-04 dated 5/11/2003.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post issue paid up capital (i.e. 10 % of [•] Equity Shares). In respect of an FII investing in Company Equity shares on behalf of its sub –accounts, the investment on behalf of each sub Account shall not exceed 10% of the Company total issued Capital or 5% Company total issued capital in case such sub Account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24% of the total issued capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the Company for adoption.

In terms of the Regulation 15A (1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, the Foreign Institutional Investor or sub-account ("FIIs") may issue, deal in or hold, off-shore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities being allocated to such FIIs.

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed (i) 25% of the corpus of the venture capital fund/ (ii) 33.33% of the corpus of the foreign venture capital investor.

The above information is given for the benefit of the investors. The lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may happen after the date of this Draft Prospectus. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for does not exceed the applicable limits under laws and regulations.

- In case payment is effected in contravention of the conditions mentioned herein, the application money will be refunded and no interest will be paid thereon.
- Investors will not have facility of applying through stock invest instrument as RBI has withdrawn the stock invest scheme vide notification no.DBOD.NO.FSC.BC.42/24.47.001/2003-04 dated 5/11/2003.

All cheques /bank drafts accompany the application should be crossed "A/c Payee only " and made payable to the Bankers to the issue and marked :

Category of Applications	Cheques/Bank draft favouring
Indian Public including eligible NRIs /FIIs applying on non repatriation basis	"-----------------" Bank A/c SEPL – Public Issue
NRIs/FIIs on repatriation basis	" ------------------" Bank A/c SEPL – Public issue-NR"

SUBMISSION OF COMPLETED APPLICATION FORMS:

All applications duly completed and accompanied by cash/ cheques/ demand drafts drawn on any Bank for the amount payable on application at the rate of [.] Per equity share shall be submitted at the branches of the Bankers to the Issue (listed in the Application Form) before the closure of the Issue. Application(s) should not be sent to the office of the Company or the Lead Manager to the Issue.

Applicants residing at places where no collection centers have been opened may submit / mail their applications at their sole risk along with application money due there on by Bank Draft to the Registrar to the Issue, Bigshare Services private limited,super scribing the envelope "Shaily Engineering Plastics Limited – Public Issue" so as to reach the Registrar on or before the closure of the Subscription List. Such bank drafts should be payable at Mumbai only. The charges, if any, for purchase of the demand draft will have to be borne by the applicant. The Company will not be responsible for postal delays and loss in transit. The Company will not entertain any claims, damage or loss due to postal delays or loss in transit.

APPLICATION(S) WILL NOT BE ACCEPTED BY THE LEAD MANAGERS TO THE ISSUE OR THE REGISTRAR TO THE ISSUE OR THE OFFICE OF THE COMPANY.

No separate receipts will be issued for the application money. However, the Bankers to the Issue or their approved collecting branches receiving the duly completed application form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form. The acknowledgement of receipt of application moneys given by the collection agents shall be valid and binding on the issuer company and other persons connected with the issue. Applications shall be deemed to have been received by the Company only when submitted to the Bankers to the Issue at their designated branches or on receipt by the Registrar as detailed above and not otherwise.

ACCEPTANCE OF APPLICATIONS

The Company reserves the right to accept or reject, any application, in whole or in part, without assigning any reason thereof. If the application is rejected in full, the whole of the application money received will be refunded by Electronic Transfer of Funds or through Registered Post, Speed Post to the applicant. If the application is accepted in part, the excess application money will be refunded to the applicant. Such refund, if any, will carry interest @ 15% p.a. after 30 days from the closure of the Issue for the period of delay beyond 30 days.

GROUNDS FOR TECHNICAL REJECTIONS

Applicants are advised to note that applications are liable to be rejected among others on the following technical grounds:

1. Amount paid does not tally with amount payable for the value of Equity Shares applied for;
2. Age of first applicant is not given;
3. Application by minor;
4. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such, shall be entitled to apply;
5. Applications by persons not competent to contract under the Indian Contract Act, 1872, including minors and insane persons;
6. Category not ticked;
7. Applications accompanied by stockinvest/money order/postal order/cash (wherever applicable);
8. Application Form is not delivered by the Applicant within the time prescribed as per the Application Form, Issue Opening Date advertisement and the Draft Prospectus and as per the instructions in this Draft Prospectus and the Application Form;

9. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary account number;
10. Application Form does not have the Applicant's depository account details;
11. PAN or GIR number not given if application is for Rs. 50,000/- or more;
12. Copy of PAN card or PAN allotment letter is not enclosed if the application is more than Rs 50,000/-;
13. Application for Equity Shares which are not in multiples of **[.]**
14. Multiple applications;
15. In case of application under Power of Attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
16. Signature of the sole and/or joint applicants missing;
17. Applications by OCBs.

Applications by U.S. persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act.

OTHER INSTRUCTIONS

1) **JOINT APPLICATIONS IN CASE OF INDIVIDUALS:** Applications may be made in single or joint names (not more than three). In case of Joint Applications, refund, pay orders, dividend warrants etc. if any, will be drawn in favour of the first applicant and all communications will be addressed to the first applicant at her/his address as stated in the application form.

2) **MULTIPLE APPLICATIONS:** An applicant should submit only one application form (and not more than one) for the total number of Equity Shares applied for. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and/or first applicant is one and the same.

   NRIs/FIIs applying on a repatriation basis shall not make an application in the public category and such applications made in both the categories i.e. reserved category and Public category shall be treated as multiple applications.

   No separate applications for dematerialization and physical are to be made. If such applications are made, the applications for physical shares will be treated as multiple applications and rejected accordingly.

   The Company reserves the right to accept or reject, in its absolute discretion, any or all-multiple applications. Unless the Company specifically agrees in writing with or without such terms and conditions it deems fit, a separate cheque/ draft must accompany each application form.

PAN / GIR NUMBER

Where application(s) is/are for Rs. 50,000 or more, the applicant or in the case of an application in joint names, each of the applicants, should mention his/her Permanent Account Number (PAN) allotted under the IT Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the application form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.** In case the sole/first applicant and joint applicant(s) is/are not required to obtain PAN, each of the applicant(s) shall mention "Not Applicable" and in the event that the sole applicant and/or the joint applicant(s) have applied for PAN, which has not yet been allotted, each of the applicant(s) should mention "Applied for" in the Application Form. Further, where the applicant(s) has mentioned "Applied for" or "Not Applicable", the sole/first applicant and each of the joint applicant(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in Rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration card (b) Passport (c) Driving license (d) Identity card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration.

It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All applicants are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.

4) APPLICATIONS UNDER POWER OF ATTORNEY

In case of applications under Power of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, trustees of trusts, Provident Funds, Superannuation Funds, Gratuity Funds; a certified copy of the Power of Attorney or the relevant authority, as the case may be, must be lodged separately at the office of the Registrar to the Issue simultaneously with the submission of the application form, indicating the serial number of the application form and the name of the Bank and the branch office where the application is submitted.

The Company in its absolute discretion reserves the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Application Form subject to such terms and conditions as it may deem fit.

5) EQUITY SHARES IN DEMAT FORM WITH NSDL OR CDSL

The Company had signed the following tripartite agreements with the Depositories and the Registrar to the Issue and Share Transfer Agent,

a) An agreement dated **[.]** among the Company, the Registrar & CDSL

b) An agreement dated 19th August,2003 among the Company, the Registrar &NSDL .

The Company's shares bear an ISIN no. INE151G01010

All investors can seek allotment only in dematerialized mode. However, an investor will have an option to hold the shares in physical form or demat form. After the allotment in the proposed Issue allotees may request their respective DPs for rematerialisation of shares if they wish to hold the shares in physical form. Application from any investor, opting for allotments in dematerialised form, without the following details of his or her depository account are liable to be rejected.

Instructions:

a) An applicant applying for shares must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or of CDSL, registered with SEBI, prior to making the application.

b) The Applicant must necessarily fill in the details (including the Beneficiary Account number. and DP ID number) in the Application Form.

c) Equity Shares allotted to an applicant in the electronic mode will be credited directly to the respective Beneficiary Accounts (with the DP).

d) Name(s) in the Share Application Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

e) The Registrar to the Issue will directly send non-transferable Allotment Letters/ Refund Orders to the Applicant.

f) Application will be liable to be rejected if incomplete or incorrect details are given under the heading 'Request for shares in electronic form' in the Application Form.

g) The applicant is responsible for the correctness of the Applicant's demographic details given in the Application Form vis-à-vis those with his/ her DP.

h) It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. Both the Stock Exchanges where the Equity Shares of the Company are proposed to be listed are connected to NSDL and CDSL.

i) Trading in the Equity Shares of the Company would be in only dematerialised form for all investors.

j) Investors can contact the Compliance Officer in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non-receipt of letters of allotment / share certificates / credit of securities in depositories beneficiary account/refund orders, etc., Investors may contact Compliance Officer or Registrar to the Issue.

Note:
Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares.

For further instructions regarding application for the Equity Shares, investors are requested to read the application form carefully.

IMPERSONATION
Attention of the applicants is specifically drawn to the provision of sub section (1) of Section 68A of the Companies Act, 1956, which is reproduced below

"Any person who:
a) Makes in a fictitious name, an application drawn to the company for acquiring or subscribing for, any shares therein, or
b) Otherwise induces a company to allot or register any transfer of shares therein to him, or any other persons in a fictitious name, shall be publishable with imprisonment for a term which may extend to five years".

BASIS OF ALLOTMENT
In the event of the Present Issue of Equity Shares being oversubscribed, allotment shall be made on a proportionate basis and the basis of allotment will be finalized in accordance with the SEBI Guidelines and in consultation with BSE (Designated Stock Exchange). The Executive Director/ Managing Director of BSE along with the Lead Manager and the Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the following guidelines:

PROPORTIONATE ALLOTMENT PROCEDURE

Allotment shall be on proportionate basis within the specified categories, rounded off to the nearest integer subject to a minimum allotment being equal to the minimum application size i.e **[.]** Equity Shares subject to market lots as explained below:

a) Applicants will be categorised according to the number of Shares applied for

b) The total number of Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the oversubscription ratio (number of applicants in the category x number of Shares applied for).

c) The number of Shares to be allotted to the successful allottees will be arrived at on a proportionate basis (i.e. Total number of Shares applied for into the inverse of the oversubscription ratio).

d) For applications where the proportionate allotment works out to less than **[.]** Shares the allotment will be made as follows:

   (i) each successful applicant shall be allotted **[.]** Shares; and

   (ii) the successful applicants out of the total applicants for that category shall be determined by the drawing of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.

e) If the proportionate allotment to an applicant works out to a number that is not a multiple of **[.]**, the applicant would be allotted Shares by rounding off to the nearest multiple of **[.]**

f) If the Shares allocated on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allotment shall be first adjusted against any category, where the allocated Shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares

g) If the process of rounding off to the nearest multiple of **[.]**results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, upto 110% of the size of the offering offer specified under point [•] of the Notes to the Capital Structure mentioned in the Draft Prospectus.

h) The above proportionate allotment of shares in an issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:

   (i) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors who have applied for Equity Shares of or for a value not more than Rs 1,00,000/-.

   (ii) The balance net offer of shares to the public shall be made available for allotment to a) individual applicants other than retails individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for value more than Rs 1,00,000/-.

   (iii) The unsubscribed portion of the net offer to any one of the categories specified in (i) or (ii) shall/may be made available for allotment to applicants in the other category, if so required.

Investors may note that in case of over – subscription, allotment shall be on proportionate basis and will be finalised in consultation with BSE. The drawing of lots (where required) to finalise the basis of allotment shall be done in the presence of a public representative on the governing board of the BSE.

ISSUE OF CERTIFICATES

In terms of section 68B of the Companies Act, 1956, the company will not issue any share certificate; instead the Company shall give credit to the beneficiary account with depository participant within 2 working days of finalization of allotment of shares.

DISPOSAL OF APPLICATIONS AND APPLICATIONS MONEY

The Company shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of date of finalisation of allotment of Equity Shares.

PAYMENT OF REFUND

The payment of refund, if any, would be done through the following various modes:

1 **.ECS** - Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds through ECS is mandatory for applicants having a bank account at any of the above mentioned fifteen centers, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

2. **NEFT**- Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The Process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency.

3. **Direct Credit** - Applicants having bank accounts with the Refund Banker as mentioned in the Application Form, in this case being, **[.]** Bank shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

4. **RTGS** - Applicants having a bank account at any of the above mentioned fifteen centre and whose refund amount exceeds Rs. 10 lakhs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

5. For all other applicants, including those who have not updated their Bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up toRs.1,500andthroughSpeedPost/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by Cheques, pay orders or demand drafts drawn on the ICICI Bank and payable at par at places where application forms are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the applicant.

Please note that only applicants having a bank account at any of the 15 centres where the clearing houses for the ECS are managed by the RBI are eligible to receive refunds through the modes stated above. For all the other applicants, including applicants who have not updated their bank particulars, alongwith the nine-digit MICR code, the refund orders shall be dispatched "Under Certificate of Posting" for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500

The Company has undertaken to make available necessary funds to the Registrar for the purpose of dispatch of Allotment Letters/ Refund Orders as stated above.

The Company shall use best efforts to ensure that all steps for completion the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity shares are proposed to be listed, are taken within seven working days of finalization of the basis of allotment.

In accordance with the requirements of the Stock Exchanges and SEBI Guidelines, the Company further undertakes that:

- Allotment shall be made only in dematerialised form within 30 days of the Issue Closing Date;

- Dispatch refund orders within 30 days of the Issue Closing Date would be ensured; and

- The Company shall pay interest at 15% per annum (for any delay beyond the 30 day time period as mentioned above), if allotment is not made, refunds are not electronically transferred and refund orders are not dispatched and/or demat credits are not made to investors within the 30 days time prescribed above.

The Company reserves the full unqualified and absolute right to accept or reject any application in whole or part and in either case without assigning any reason thereof.

INTEREST IN CASE OF DELAY ON ALLOTMENT & DISPATCH

As far as possible, allotment of securities offered to the public shall be made within 30 days of the closure of this Issue.

In accordance with Companies Act, 1956 and the requirement of stock exchanges, the Company shall pay interest @ 15 percent per annum on the entire amount if the allotment of the Equity Shares has not been made within 30 days from the date of closure of the issue. This interest will be paid from the 31st day from the closure of the issue until the actual date of allotment.

Alternatively, in case refund orders have not been dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 30 days from the closure of the issue, interest @ 15 percent per annum, will be paid on the refund amount from the 31st day from the closure of the issue until the date of dispatch of the refund orders.

ACCESS TO FUNDS

The funds received against this Public issue will be kept in separate bank accounts and the Company will not have any access to such funds received under the public issue unless it has received minimum subscription of 90% of the application money towards the public issue component and permission of the Designated Stock Exchange is obtained to use the amount of subscription. The company will obtain the permission of Designated Stock Exchange by producing sufficient documentary evidence of subscription of 90% or more on the closure of the Issue to utilize the funds collected as per the present rules. The Company will not have access to the funds received against the public issue until it has received approval for allotment from the Designated Stock Exchange and listing and trading permission is received from BSE.

UNDERTAKING BY THE COMPANY

The Board of Directors of the Company undertakes that: -

a. That the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily;

b. That all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the equity shares are to be listed are taken within 7 working days of finalization of the basis of allotment;

c. The Company shall apply in advance for the listing of equity shares;

d. That the funds required for dispatch of refund orders / allotment letters / certificates by registered post shall be made available to the Registrar to the Issue by the Company;

e. That the certificates of the equity shares/refund orders to non-resident Indian applicants shall be dispatched within specified time;

f. Subject to Pre-FPO Placement, no further issue of Equity shares shall be made until the equity shares shall be made till the equity shares offered through this Draft Prospectus are listed or till the application moneys are refunded on account of non-listing, under-subscription, etc.

g. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 30 days of closure of issue, giving details of the bank where refunds shall be credited alongwith the amount and expected date of electronic credit of refund;

UTILISATION OF ISSUE PROCEEDS

The Board of Directors of the Company certifies that:

a. All monies received against this issue shall be transferred to separate bank accounts in a schedule bank as referred to in sub-section (3) of section 73;

b. Details of all monies utilized out of the issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance-sheet of the company indicating the purpose for which such monies had been utilized; and

c. Details of all unutilized monies out of the issue of shares, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance-sheet of the company indicating the form in which such unutilized monies have been invested.

d. The Utilisation of monies received under the promoters' contribution shall be disclosed under an appropriate head in the balance sheet of the company indicating the purpose for which such monies have been utilized.

e. The details of all monies unutilized out of the funds received under promoters' contribution shall be disclosed under a separate head in the balance sheet of the company indicating the form in which the unutilized money has been invested.

f. The Company shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from the Stock Exchange.

The Board of Directors of the Company also certify that:

i) The utilization of monies received from firm allotments and reservations shall be disclosed under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized.

ii) The details of all unutilized monies out of the funds received under firm allotments and reservations shall be disclosed under a separate head in the balance sheet of the company indicating the form in which such unutilized monies have been invested.

The Company undertakes that it shall not access the money raised in the Issue till finalisation of basis of allotment or completion of offer formalities.

SECTION VIII- OTHER INFORMATION

1. MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPNAY

CAPITAL

1. The Authorised Share Capital of the Company shall be as per Clause V of the Memorandum of Association of the Company with rights to increase, consolidate, sub-divide, and reduce to otherwise alter its share capital, subject to the provisions of the Act.

SHARES AND CERTIFICATES

2. The shares in the capital shall be numbered progressively according to their several denominations and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

3. The Board shall observe the restriction as to allotment of shares to the public contained in section 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.

4. Where at any time after the expire of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation (whichever is earlier) the Board decides to increase the capital of the Company by the issue of new shares, then subject to any directions to the contrary which may be given by the Company in General Meeting and subject only to those directions, such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion as nearly as circumstance admit to the capital paid upon those shares at that date and such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation form the person to whom such notice is given, if he declines to accept the shares offered, the Board may dispose of them in such manner as it thinks most beneficial to the Company.

5.

    1. Notwithstanding anything contained in clause (i) hereof the further shares therein referred to may be offered to any persons (whether or not those persons include the persons referred to in clause (1) in any manner whatever either:

        a. If a special resolution to that effect is passed by the Company in general meeting. Or

6. b. Whether no such special resolution is passed, if the votes cast (whether on a show of hands or non poll, as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person or, where proxies are allowed, by proxies exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board in this behalf that the proposal is most beneficial to the Company.

Nothing in clauses (1) and (2) of this Article shall apply to the increase of the subscribed capital caused by exercise of option attached to debentures issued or loans raised by the Company to convert such debentures or loans raised by the Company or to subscribe for shares in the company in the cases permitted by sub-clause (b) of sub-section (3) of Section 81 of the Act.

Subject to the provisions of these Articles and of the Act, the shares shall be under the control of the Directors, who may allot or otherwise dispose of the same to such persons on such terms and conditions and at such times as the directors think fit and (subject to the provisions of Section 78 and 79 of the Act) either at a premium or at par discount

Provided that option or rights to call of shares shall not be given to any person or persons without the sanction of the Company in General Meeting.

Any application signed by or on behalf of any applicant for shares in the Company, followed by an allotment of any share herein shall be an acceptance of shares within the meaning of these Articles; and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purpose of these Articles be a member.

1.

The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, shall immediately on the inscription of the name of the holder of such shares become a debt to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.

Every member or his heirs, executors or administrators, shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times and in such manner, as the Board shall, from time to time, in accordance with the Company's regulations require or fix for the payment thereof.

Except as required by law or ordered by a court of competent jurisdiction no person shall be recognized by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognize (even when having notice thereof) any benami, equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share (except only by these presented or by law otherwise provided) or any other rights in respect of any shares, except in an absolute right to the entirely thereof in the registered holder.

None of the funds of the Company shall be applied in the purchase of any shares be applied in of the Company and shall not be any financial assistance for or in connection the purchase of its with the purchase or subscription of any shares in the Company or in its holding own shares Company save as provided by Section 77 of the Act.

The certificate of title to shares and duplicate thereof when necessary shall be issued under the seal of the Company.

Every member shall be entitled to one certificate for all the shares registered in his name, or if the Directors so approve to several certificates each for one or more of such shares, but in respect of each additional certificate, there shall be paid to the Company a fee of Rs. 2/-, or such less sum as the Directors may determine. Every certificate of shares shall specify the number and denoting numbers of the shares in respect of which it is issued and the amount paid up thereon. The Directors may in any case or generally waive the charging of such fees.

If any certificate be worn out or defaced, then, upon production thereof to the Directors they may order the same to be cancelled any may issue a new certificate in lieu thereof to the satisfaction of the directors and or on such indemnity as the directors deem adequate being given a new certificate in lieu thereof shall be given to the registered holder of the shares to which such lost or destroyed certificate shall relate. Which such lost or destroyed certificate shall relate. "Provided that no fee shall be charged for sub-division or consolidation of shares into lots of the market unit of trading or for issue of shares certificates in replacement of those that are old, decrepit or out or where the cages on the reverse for recording transfers have been fully utilized".

For every certificate issued under the last preceding Articles there shall be paid to Company the sum of Rs. 2/- or such smaller sum as the Directors may determine. The Directors may in case or generally waive the charging of such fee.

Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditional) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolute or conditional) for any shares or debentures in the Company, but so that the commission shall not exceed in the case of shares five per cent of the price at which the shares are issued, and in the case of debentures two and half per cent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or debentures or partly in the other. The Company may also pay on any issue of shares or debentures such brokerage as may be lawful and reasonable.

CALLS

The Directors may, from time to time, subject to the terms on which any shares may have been issued, make such calls as thy think fit upon the members in respect of all money unpaid on the shares held by them respectively and not by the conditions of allotments thereof of made payable at fixed times and each member shall pay the amount of every call so made on him to person and at the time and place appointed by the Directors. A call may be made payable by installments.

2.

A call shall be deemed to have been made at the time when the resolution of the directors authorizing such call was passed. Not less than fourteen days' notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.

The Board may, from time to time, at its discretion extend the time fixed for the payment of any call and may extend such time as to call of any of the members who from residence at distance or other cause, the Board may deem fairly entitled to such extension; but no member shall be entitled to such extension save as a matter of grace and favour.

If any member fails to pay any call, due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board shall be at liberty to waive payment of such interest either wholly or in part.

If by the terms of issue of any shares or otherwise any amount is made payable on allotment or at any fixed date or installments at fixed times whether on account of the amount of the share or by way of premium every such amount or installment shall be payable as if it were a call duly made by the Directors and on which due notice had been given and all provision herein contained in respect of calls shall relate to such amount or installment accordingly.

On the trial or hearing of any action or suit brought by the Company against any shareholder or his representative to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is or was when the claim arose on the Register of Shareholders of the Company as a holder or one of the holders of the number of shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the directors who made any call, nor that a quorum of directors was present at the Board at which any call was made was duly convened or constituted, nor any other matter whatsoever but the proof of matters aforesaid shall be conclusive evidence of the debt.

The Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the money so paid in advance, or so much thereof as from time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest as such rate as the members paying such sum in advance and the Directors agree upon. Moneys so paid in excess of the amount of calls shall not rank for dividends or participate in profits. The directors may at any time repay the amount so advance upon giving to such member three month's notice in writing.

JOINT HODERS

Where two or more persons are registered as holders of any shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship subject to the following and other provisions contained in these Articles.

Shares may be registered in the name of any person, company or other body corporate but not more than four persons shall be registered jointly as members in respect of any shares.

The certificates of shares registered in the names of two or more persons shall be delivered to the person first named on the Register.

The joint holders of shares are jointly and severally liable to pay all calls in respect thereof.

If any share stands in the names of two or more persons, the person first name in the register shall as regards receipts share certificates, dividends or bonus or services of notices and all or any other matter contained with the company, except voting at meetings, and transfer of the shares, be deemed the sole holder thereof but the joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share and for all incidence thereof according to the Company's regulations.

In the case of the death of any one or more of the person named in the register members as the joint holders of any share, the survivors shall be the only persons reorganized by the Company as having any title to or interest in such share, by nothing hiring contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

If there be joint register holders any shares, any one of such persons may vote at any meeting either personally or by proxy in respect of such shares, as if he were solely entitled there to, provided that if more than one of such joint-holders be present at any meeting either personally by proxy, then one of the said persons so present whose name stand higher on the register of members shall alone be entitled to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present, at the meeting. Several executors or administrators of deceased members in whose name shares stand shall for the purpose of these articles be deemed joint holders thereof.

A document or notice may be served or given by the Company on or to the joint holders of shares by serving or giving the document or notice on or to the joint holder named first in the register of members in respect of the share.

FORFEITURE AND LIEN

If any member fails to pay any call or installment on or before the day appointed for the payment of the same, the directors may at any time thereafter during such time as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-repayment.

3.

The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment of at or before the time and at the place appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.

If the requisition of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may at any time thereafter before payment of calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeited and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register but not no forfeiture shall be in any manner invalidated by any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Any shares so forfeited shall be deemed to be property of the Company and the directors may sell, re-allot or otherwise dispose of the same in such manner as they think fit.

The Directors may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of annul the forfeiture thereof such conditions as they think fit.

Any member whose shares have been forfeited shall notwithstanding be liable to pay and shall forthwith pay to the Company all calls, installments, interest and expenses, owing upon or in respect of such shares at the time of the forfeiture together with interest thereon, from the time of forfeiture until payment at 12 per cent per annum, and the Directors may enforce the payment thereof, without any deduction or allowance for the value of the shares at the time of forfeiture but shall not be under any obligations to do so.

The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

A duly verified declaration in writing that the declaring is a director or secretary of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposal thereof shall constitute a good title to such shares and the person to whom the shares are sold be registered as the holder of such shares and shall not be bound to see to the application of the purchase money nor shall his title to such shares be affected by any irregularity or invalidity in the proceeding in reference to such forfeiture, sale or disposal.

The Company shall have first and paramount lien upon all the shares (not being fully paid up) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such shares solely or jointly with any other person to the Company whether the period for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that Article 11 thereof is to have full effect and such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

For the purpose of enforcing such lien, the directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall been served on such member, his executors or administrators or his committee curators bonus or other legal curator and default shall have been made by him or them in the payment of moneys called in respect of such shares for seven days after such notice.

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and residue, if any, shall (subject to a like lien for sums not presently payable, as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the directors may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money and after his name has been entered in the register in respect of such share the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative share shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect and the directors shall be entitled to issue a new certificates in respect of the said shares to the person or persons entitled thereto distinguishing it or them such manner as they may think fit from the old certificate or certificates.

TRANSFER AND TRANSMISSION OF SHARES

4.

The instrument of transfer of any shares in the Company shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the register of members in respect thereof.

The Company shall not register a transfer of shares in or debentures of the Company, unless proper instrument of transfer duly stamped and executed by or on behalf of the transferor and transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the company alongwith the certificate relating to the shares or debentures or if no such certificate is in existence alongwith the letter of allotment of shares or debentures provided that where on an application made in writing to the Company by transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that instrument of transfer signed by or on behalf of the transferor and transferee has been lost, the company may register the transfer on such terms as to indemnify or otherwise as the Board may think fit.

An application for the registration of the transfer of any share or shares may be made either by the transferor or by the transferee, provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the company gives notice of the application to the transferee in accordance with Section 110 of the Act.

For the purpose of sub-clause (c) notice tot he transfer shall be deemed to have been duly given if dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered in the ordinary course of post.

Nothing in sub-clause (d) shall prejudice any power of the Board of Directors to register as a shareholder any person to whom the right to any share has been transmitted by operation of law.

Nothing in this articles shall prejudice the power of the Board of Directors to refuse to register the transfer of any share, to a transferee, whether a member or not.

The Board shall have power on giving not less than seven days' previous notice by advertisement in a newspaper circulating in the district in which the registered office of the Company is situated to close the transfer books, the register of members or register of debenture holders at such period or periods, not exceeding thirty days at a time and exceeding not in the aggregate forty-five days in each year, as it may seem expedient.

Subject to the provision of Section 111 of the Act, Directors without assigning any reason, may, within one month from the date on which the instrument of transfer was delivered to the Company, refuse to register any transfer of a share upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any person or persons indebted to the Company on any account whatsoever unless the Company has a lien on the shares. In case of refusal to transfer shares the Company shall within one month from the date on which the instrument of transfer was lodged with the Company, send tot he transferee and the transferee notice of the refusal to register such transfer.

The executors or administrators or holders of a succession certificate or the legal representative of a deceased (not being one or two or more joint holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such member and the Company shall not be bound to recognize such executors or administration or holder of succession certificate or the legal representatives unless they shall have first obtained Probate or Letters of Administration or Succession Certificate or other legal representation as the case may be, from a duly Constituted court in the Union of India; provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letters of Administration or Succession Certificate upon such terms as to indemnity or otherwise as the Board, in Its absolute discretion may think necessary and under the next Article register the name of any person who claims to be absolutely entitled toy the shares standing in the name of a deceased member as a member.

Subject to the provisions of the preceding two Articles, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy, or insolvency of any member or by any lawful means other than by transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he purports to act under these Articles or of his title as the Board think sufficient either be registered himself as the holder of the Shares or elect to have some person nominated by him and approved by the Board registered as such holder : provided nevertheless that is such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee as instrument of transfer in accordance with the provisions herein contained and until he does so he shall not be freed from any liability in respect of the shares.

The person becoming entitled to a share by reason to the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled as if he were registered holder of the shares except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it, to exercise any right conferred by membership in relation to the meeting of the Company provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer shares and if notice is not complied with within sixty days, the Board may thereafter withhold payment of all dividends, bonus or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Every instrument of transfer which is registered shall remain in the custody of the Company until destroyed by order of the Board.

No fees shall be payable to the Company in respect of the transfer or transmission of any shares in the Company.

The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares notwithstanding that the Company may have had notice of such equitable right, title or interest to notice prohibiting registration.

BORROWING POWERS

Subject to the provisions of Sections 292 and 293 of the Act and of these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board, accept deposits from members, either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the Company.

The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit and in particular by a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of debentures or debenture-stock of the Company charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being and debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued

Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and subject to the provisions of the Act may be issued on condition that they shall be convertible into shares of any denomination and with any privileges or conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at General Meetings, appointment of directors and otherwise, Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting.

If any uncalled capital of the Company is included in or charged by any mortgage or other securities, the directors may subject to the provisions of the Act and these present make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.

The Company shall comply with all the provisions of the Act in respect of the mortgages or charges created by the Company and the registrations thereof and the transfer of the debentures of the Company and the register required to be kept in respect of such mortgages, charges and debentures.

If the directors or any them or any other persons shall become personally liable for the payment of any sum primarily due from the company, the directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

RESERVES AND DEPRECIATION FUNDS

The Directors may from time to time before recommending any dividend set apart any and such portion of the profits of the Company as they think fit as a Reserve Fund to meet contingences or for the liquidation of any debentures, debts or other liabilities of the Company, for equalization of dividends or for repairing, improving and maintaining any of the property of the Company and for such other purposes of the Company as the directors in their absolute discretion think conducive to the interest of the company and may invest the several sums so set aside upon such investments (other than shares of the company) as they may think fit and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and may divide the Reserve Fund into such special funds as they think fit, with full power to transfer the whole or any portion of a Reserve Fund to another Reserve Fund or division of a Reserve Funds and also with full power to employ the Reserve Funds or any part thereof in the business of the Company and that without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power, however to the Board in their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.

5.

The Directors may, from time to time before recommending any dividend, set apart any and such portion of the profits of the Company as they think fit, as a depreciation fund applicable at the discretion of the directors for providing against any depreciation in the investments of the Company or for rebuilding, restoring, replacing or for altering any part of the buildings, work, plant, machinery or other property of the Company, destroyed or damaged by fire, flood, storm, tempest, earthquake, accident, riot, wear and tear or any other means whatsoever and for repairing, altering and keeping in good condition the property of the Company or for extending and enlarging the building, machinery and property of the Company with full power to employ the assets constituting such depreciation fund in the business of the Company and that without being bound to keep the same separate from the other assets.

All moneys carried to any reserve fund and depreciation fund respectively shall nevertheless remain and be profits of the Company applicable subject to due provisions being made for actual loss or depreciation, for the payment of dividend and such moneys and all the other moneys of the Company may be invested by the directors in or upon such investments or securities as they may select or may be used as working capital or may be kept at any bank on deposit or otherwise as the directors may from time to time think proper.

GENERAL MEETINGS

In addition to any other meetings, general meetings of the Company shall be held at such intervals as are specified in Section 166(1) of the Act and subject to the provisions of Section 166(2) of the Act at such times and places as may be determined by the Board.

Each such general meeting shall be called Annual General Meeting, Every Annual General Meeting shall be called for a time during business hours on a day that is not a public holiday and shall be held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situated.

All other meeting of the Company other than those referred to in the preceding clause shall be called Extraordinary General Meetings.

6.

The Directs may, whenever they think fit and they shall, on the requisition of the holders of not less than one-tenth of the paid up capital of the Company as at the date earns rights of voting in regard to the matter in respect of which the requisition is made, forthwith proceed to convene an Extraordinary General Meeting of the company and in the case of such requisition the provision of Section 169 of the Acts shall apply.

7.

Twenty-one days' notice at least of every General Meeting, Annual or Extraordinary and by whomsoever called, specifying the day, place and hour of meeting and the general nature of the business to be transacted threat shall be given in the manner hereinafter provided to such persons as are under these Articles or the Act entitled to receive notice form the Company provided that in the case of an annual general meeting with consent in writing of all the members entitled to vote thereat and in the case of any other meeting with consent of the members holding not less than 95 per cent (95%) of such part of the paid-up capital of the company as gives a right to vote at the meeting, a meeting may be convened by a shorter notice. In the case of an Annual General Meeting, if any business other than (i) the consideration of the accounts, balance sheets and reports of the Board of Auditors, (ii) the declaration of dividend (iii) the appointment of directors in place of those retiring, (iv) the appointment of and fixing of the remuneration of the Auditors, is to be transacted and in the case of any other meeting in any event, there shall be annexed to the notice of the meeting a statement setting out all the material facts concerning each such item of business, including in particular the nature and extent of the interest, if any, therein of every director and the Manager (if any). Where any such item of business related to or affects any other company the extent of shareholding interest in that other company of every directors and Manager if any, of the Company shall also be set out in the statement if the extent of such shareholding and interest is not less than twenty per cent of the paid-up share capital of that other company. Where any item of business consists of the accord of approval to any documents by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

The accidental omission to give any such notice to or the non-receipt of notice by any of the members or persons entitled to receive the same shall not invalidate the proceeding at any such meetings.

Five members present in person shall be a quorum for a General Meeting A corporation being a member shall be deemed to be personally present if it is represented, in accordance with Section 187 of the Act. The President of India or the Governor of a State shall be deemed to be personally present in he is represented in accordance with Section 187-A of the Act.

If, at the expiration of half an hours from the time appointed for holding a meeting of the Company, a quorum shall not be present, the meeting, if convened by or upon the requisition of members shall stand dissolved but in any other case the meeting shall stand adjourned to the same day in the next succeeding week which is not a public holiday at the same time and place or to such other day and at such other time and place as the Board may determine and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be a quorum and may transact the business for which the meeting was called.

The Chairman (if any) of the Directors shall be entitled to take the chair at every General Meeting, whether annual or extraordinary. If there be no such chairman of the Directors or if any meeting he shall be present within ten minutes of the time appointed for holding such meeting or shall decline to take the chair then any other Director present thereat shall be entitled to take the chair and the members present shall elect another director as Chairmen and if no director be present of if all the directors present decline to take the chair, then the members present shall elect one of their members to be Chairmen.

The election of the Chairman, if necessary, shall be carried out in accordance with Section 175 of the Act.

No business shall be discussed at any General Meeting except election of a Chairman, whilst the chair is vacant.

8.

The Chairman with the consent of the meeting may and shall if so directed by the meeting adjourn any meeting from time to time and from place to place and no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment tool place. Subject to the provision of the Act it shall not be necessary to give any notice of an adjournment or of the date, the time or the place of the adjourned meeting or of the business to be transacted therat.

At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll sis (before or on the declaration of the result of the show of hands) ordered by the Chairman or demanded by at least five members having the rights to vote on the resolution and present in person or by proxy or by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution being shares on which an aggregate sum has been paid-up which is not less than one-tenth of the total sum paid-up on all the shares conferring that right and unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously or by a particular majority or lost, and an entry to that affect in the minutes book of the Company shall be conclusive evidence of the fact, without proof of the number of proportion of the votes recorded in favour of or against that resolution.

In the case of an equality of votes the Chairman shall both on a show of hands and at a poll (if any) have a casting vote in addition to the votes to which he may be entitled as member.

9.

If poll is demanded as aforesaid the same shall subject to Article 73 be taken at such time (not later than forty-eight) hours from the time when the demand was made) and place and either by open voting or by ballot as the Chairman shall direct and either 11 at once or after an interval of adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or the persons who made the demand.

Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers to scrutinize the votes given on the poll and to report thereon to him. One of the scrutinizers so appointed shall always be a member (not being an office or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed. The Chairman shall have power at any time before the results of the poll is declared to remove a scrutinizer from the office and fill vacancies in the office of scrutinizer arising from such removal or from any other cause.

Any poll duly demanded on the election of a Chairman of meeting or on any question of adjournment shall be taken at the meeting forthwith.

The demand for a poll, except on the questions of the selection of the Chairman and of an adjournment, shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS

No members shall be entitled to vote either personally or by proxy for another member at any General Meeting or meeting of a class of shareholders either upon a show of hands or upon poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has any right of lien and has exercised the same.

10.

On a show of hands, every holder of equity shares entitled to vote and present in person or by proxy shall have one vote and on a poll the voting right of every holder of equity share whether present in person or by proxy, shall be in proportion to his share of the paid up equity capital of the Company.

The voting rights of the holders of redeemable cumulative preference shares shall be in accordance with Section 87 of the Companies Act 1956.

On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his proxy, or other person entitled to vote for him, as the case my be, need not, if he votes, use all his votes or cast in the same way all votes he uses.

A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on a poll, vote by proxy ; if any member be a minor the vote in respect of his share shall be by his guardian or any on of his guardians, if more than one.

11.

Subject to the provision of these Articles votes may be given either personally or by proxy. A corporation being a member may vote by representative duly authorized in accordance with Section 187 of the Act, and such representative shall be entitled to speak, demand a poll vote, appoint a proxy and in all other respects exercise the rights of a member and shall be reckoned as a member for all purposes.

Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or the hand of its officer or an attorney, duly authorized by it and nay committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meetings.

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instruments of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in either of the forms set out in Schedule IX of the Act.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting.

12.

No objection shall be made to the validity of any vote, except at the meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

Subject to the provisions of Section 193 of the Act, the Company shall cause to be kept minutes of all proceedings of general meetings which shall contain a fair and correct summary of the proceedings therat and a book containing such minutes shall be kept at the registered office of the Company and shall be open during business hours, for such periods not being less in the aggregate than two hours in each day as the directors may determine for the inspection of any member without charge. The minutes aforesaid shall be kept by making within thirty days of the conclusion of every such meeting concerned entries thereof in the said book which shall have its pages consecutively numbered. Each page of the book shall be initialed or signed and the last page of the record of the proceedings of each meeting in the book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of the Chairman to sign as aforesaid within that period, by a director duly authorized by the Board for that purpose. In no case shall the minutes be attached to any such book by pasting or otherwise.

DIRECTORS

Until otherwise determined by a General Meeting and subject to Sections 252 and 259 of the Act, the number of Directors shall not be less than three or more than twelve.

13. The fist Directors of the Company shall be:

1. Mr. Ravindra Mansukhlal Shah

2. Mr. Neelkanth Manjunath Dewjee

3. Mr. Ajay Kumar

The Board of Directors of the Company may appoint an alternate director to act for as a director (hereinafter in this Article called "the original director") during the absence for a period of not less than three months from the state in which the meetings of the Board are ordinarily held. An alternate director appointed under this Articles shall not hold office as such for a period longer than that permissible to the original director in whose place he has been appointed and shall vacate office as and when the original director returns to the State of Maharashtra in which the meeting of the Board are ordinarily held.

The Directors shall have power at any time and from time to time appoint any qualified person to be a director to fill a casual vacancy. Such Casual Vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only up to the date up to which the director in whose place he is appointed would have held office, if it had not been vacated as aforesaid but he shall then be eligible for re-election.

The Directors shall also have power at any time and from time to time to appoint any other qualified person to be a director as an addition to the Board but so that the total number of directors, shall not any time exceed maximum fixed above. Any person so appointed as an addition to the Board shall retain his office only up to the date of the next Annual General Meeting, but shall be eligible for re-election at such meeting.

The Company may agree with any financial institution, company or any other authority, person, state or institution that in consideration of any loan or financial assistance of any kind whatsoever which may be rendered by it, it shall have power to nominates such number of directors on the Board of Directors of the Company as my be agreed and from time to time remove and re-appoint them and to fill vacancy cause by such directors otherwise ceasing to hold office. Such nominated directors shall not be required to hold any qualification shares and shall not be liable to retire by rotation. The director appointed under this Article is hereinafter referred to as "Institutional Director."

Any Trust Deed for securing debentures or debenture-stock may, if so arrange, provide for the appointment from time to time by the trustee thereof or by the holders of the debentures or debenture-stock of some person to be a director of the Company and my empower such trustees or holders of debentures or debenture-stock from time to time to remove any director so appointed. A director appointed under this Article is herein referred to as a "Debenture Director" and the term "Debenture Director" means a Director for the time being in office under this Articles. A debenture director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The trust deed may contain such ancillary provisions as may be arranged between the Company and the trustees and all such provisions shall have effect notwithstanding any of other provisions herein contained.

No share qualifications will be necessary for being appointed as or holding the office of a director of the company.

Subject to the provisions of Section 198, 309, 310 and 311 of the Act the remuneration payable to the directors of the Company may be as hereinafter provided. The remuneration of each director for attending the meetings of the Board or Committee thereof shall be sum as may be fixed by the Board of Director, but not exceeding the ceiling fixed by the Central Government, from time to time for each such meeting of the Board of Committee thereof attended by him. Subject to the provisions of the Act, the Directors shall be paid such further remuneration, if any, as the Company General Meeting shall from time to time determine and such additional remuneration shall be divided among the directors in such proportion and manner as the Board may from time to time determine and, in default of such determination shall be divided among the directions equally.

The Director may subject to limitations provided by the Act allow and pay to any Director who is not a resident of the place where the Registered Office for the time being of the Company is situated or where the meeting of the Board is held and who shall come to such place for the purpose of attending a meeting of the Board or a Committee thereof such sum as the directors may consider fair compensation for traveling expenses, in addition to his fees for attending such meeting as above specified.

Subject to the provisions of the Act and these Articles, if any directors be called upon to perform extra service or special exertions or efforts (which expression shall include work done by a director as a member of any committee formed by the directors) the Board arrange with such director for such special remuneration or such extra services or special exertions or efforts by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration above provided.

The continuing directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum number fixed, the directors shall not, except in emergencies or for the purpose of filing up vacancies or for summoning a general meeting of the Company act as long as the number is below the minimum.

The office of a Director shall ipso facto be vacated on the happening of any of the event provided for in Section 283 of the Act.

Subject to the provisions of Section 297 of the Act, a director shall not be disqualified from contracting with the company either as vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any such contact or arrangement entered into by or on behalf of the company with a relative of such director or a firm in which such director or relative is a partner or with any other partner in such firm or with a private company of which director is a member or director be avoided nor shall director so contracting or being such member or so interested be liable to account to the company for any profit realized by any such contract or arrangement by reason of such director holding office or of the fiduciary relation thereby established.

Every director who is in any way whether directly or indirectly concerned or interested in a contract or arrangement entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board as required by Section 299 of the Act. A general notice, renewable in last month of each financial year of the Company as provided for in Section 299(2) (b) of the Act, that director is a director or a member of any specified body corporate or is a member of any specified firm and is to be regarded as concerned or interested in any subsequent contract or arrangement with that body corporate or firm shall be sufficient disclosure of the concern or interest in relation to any contract or arrangement so made and after such general notice, it shall not be necessary to give special notice relating to any particular contract or arrangement with such body corporate or the firm provided that such general notice is given at meeting of the Board of Directors or the director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given Provided that this Article will not apply to any contract or arrangement entered into or to be entered into between the Company and any other company where any of the directors of the Company or two or more of them together holds or hold not more than two percent of the paid-up share capital in the other company.

A director of company may be or become a director of any company promoted by the Company or in which he may be interested as vendor, member or otherwise and no such director may be accountable for any benefit received as director or member of such company.

14.

Subject to the provisions of Section 300 of the Act, no director shall, as a director take part in the discussions of or vote at any contract or arrangement in which he is any way whether directly or indirectly concerned or interested nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote. This prohibition shall not apply to the exceptions provided for in Section 300 of the Act.

15.

Except as otherwise provided by these articles all the director of the Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of the Company.

16.

ROTATION OF DIRECTORS

At the first annual general meeting of the Company, all the directors (except those who are not liable to retire by rotation) and at the annual general meeting of the Company in every subsequent year one-third of such of the directors for the time being as are liable to retire by rotation of it their number is not three or a multiple of three the number nearest to one-third shall retire from office.

Subject to Section 256 pf the act the Directors to retire by rotation under the last preceding Article at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who became directors on the same day, those who re to retire shall, in default of and subject to any agreement among themselves, be determined by lot.

17.

A retiring director shall be eligible for re-election.

18.

Subject to provisions of the Act the Company at the General Meeting at which a director retires in manner aforesaid may fill up the vacated office by electing a person thereto.

19.

If the place of the retiring director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday at the same time and place.

a. If at the adjourned meeting also, the place of the retiring director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring directors shall be deemed to have been re-appointed at the adjourned meeting, unless.

I. At that meeting or at the previous meeting a resolution for the re-appointment of such directors has been put to the meeting and lost; or

II. The retiring director has, by a notice in writing addressed to the Company or the Board, expressed his unwillingness to be so re-appointed; or

III. He is not qualified or is disqualified for appointment; or

IV. A resolution whether special or ordinary is required for the appointment or re-appointment by virtue of any provisions of the Act; or

V. The proviso to sub-section (2) of the Section 263 of the Act is applicable to the case.

20. Subject to the provisions of Section 252, 258 and 259 of the Act of the Company may, by ordinary resolution, from time to time, increase or reduce the number of directors and may alter their qualifications and the company may (subject to the provisions of Section 284 of the Act) remove any director before the expiration of his period of office and appoint another qualified person in his stead. The person so appointed shall hold office during such time as the director in whose place he is appointed would have held the same if he had not been so removed.

21.

a) No person, not being a retiring director, shall be eligible for election to the office of director at any General Meeting unless he or some other member intending to propose him has at least fourteen clear days before the meeting, left at the office a notice in writing under his hand signifying his candidature for the office of director or the intention of such member to propose him as a candidate for that office.

b) On the receipt of the notice referred to in Clause (a) of this Article, the Company shall inform its members of the candidature of a person for the office of director or the intention of a member to propose such person as a candidate for that office, by serving individual notice on the members if the Company advertises such candidature or intention not less than seven days before the meeting in at least tow newspapers circulating in the district in which the registered office of the Company is situated of which one is published in English language and the other in the regional language.

22.

a) Every director (including a person deemed to be a director by virtue of the explanation of sub-section (1) of Section 303 of the Act), Managing Director, Manger of Secretary of the Company shall, within twenty days of his appointment to or as the case may be relinquishment of any of the above office in any other body corporate disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (i) of Section 303 of the Act.

b) Every director and every person deemed to be a director of the Company by virtue of sub-section (10) of Section 302 of the Act, and every manager shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section.

PROCEEDINGS OF DIRECTORS

23.

1. Subject to the provision of Section 285 of the Act, the Board of Directors may meet for the dispatch of business, adjourn and otherwise regulate its meeting as it thinks fit.

2. Subject to Section 287 of the Acts, the quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one), or two directors, whichever is higher provided that where at any time the number of interested directors exceeds or is equal to two-thirds of the total strength the number of the remaining directors, that is to say, the number of director who are not interested shall be the quorum during such time provided such number is not less than two.

24. If a meeting of Board could not be held for want of quorum, then the meeting shall stand adjourned to such other time, date and place as may be fixed by the directors present not being later than fifteen days from the date originally fixed for the meeting.

25. The Chairman, if any, or the Managing Director of his own motion or the Secretary of the Company shall upon the request in writing of two directors of the Company or if directed by the Managing Director or Chairman, if any, convene a meeting of the Board by giving a notice in writing to every director for the time being in India and at his usual address in India to every other director.

26. The directors may from time to time elect from among their number, a Chairman of the Board and determine the period for which he is to hold office. If at any meeting of the Board the Chairman is not present within five minutes after the time appointed for holding the same, the director present may choose one of their members to be Chairman of meeting.

27. Question arising at any meeting of the Board shall be decided by a majority of votes and in case an equality of votes, the Chairman shall have a second or casting vote.

28. A meeting of the Board for the time being at which quorum is present shall be competent to exercise all or any of the authorities powers and discretions which by or under the Act or the Articles of the Company are for time being vested in or exercisable by the Board generally.

29. Subject to the restriction contained in Section 292 of the Act, the Board may delegate any of their powers to a committee of directors consisting of such directors or one or more directors and a member of members of the Company as it thinks fit or to the Managing Directors, the Manager or any other principal officer of the Company or a branch office or to one or more of them together and it may from time to time revoke and discharge any such Committee of the board either wholly or in part and either as to persons of purposes ; but every Committee of the Board. All acts done by any such committee of the Board in conformity confirm to any resolution that may from time to time be imposed on it by the Board. All acts done by any such committee of the Board in conformity with such regulations and n fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board provided that such delegation shall not be in respect of matters enumerated in sub-clauses (a), (b), (c), (d) or (e) of Clause (a) (as modified by explanation II thereof) of Section 292 save and except that the said powers may be delegated only to the extent permitted by and subject to the restrictions and limitations contained in clauses (2), (3) and (4) of Section 292 of the Act.

30. The meeting and proceeding of any such committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceeding of the directors so far as the same are applicable thereto and are not superseded by any regulations made by the directors under the last preceding article.

31. A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, if the resolution has been circulated in draft, together with the necessary papers, if any, to all the directors or to all the members of the Committee, then in India (not being less in number

than the quorum fixed for a meeting of the Board of Committee at their usual address in India and has been approved by such of the Directors or members of the Committee as are then in India or by a majority of such of them as are entitled to vote on the resolution.

32. All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such director or persons acting as aforesaid or that they or any of them were disqualified or had vacated office or that the appointment of any them had been terminated by virtue of any person had been duly appointed was qualified to be a director and had not vacated his office or his appointment had been terminated provided that nothing in this Article shall be deemed to give validity to acts done by a director after his appointment has been shown to the Company to be invalid or to have terminated.

33. The Company shall cause minutes to be duly entered in a book or books provided for the purpose:

I. Of the names of the Directors present at such meeting of the Board, and of any committee of the Board ;

II. Of all orders made by the Board and Committees of the Board ;

III. Off all resolutions and proceedings of the meetings of the Board and committees of the Board ; and

IV. In the case of each resolution passed at a meeting of the Board, of Committees of the Board the names of those directors, if any dissenting from or not concurring in the resolution. Every such book shall be maintained and the minutes entered therein and signed in the manner laid down by Section 193 of the Act and the minutes so entered and signed shall be received as conclusive evidence of the proceeding recorded therein.

POWERS OF THE BOARD

34. Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorized to exercise and do provided that the Board shall not exercise any power or do any act or thing which is directed or required whether by the Act or in other statute or by the Memorandum of the company or by these Articles or otherwise to be exercised or done by the Company in general meeting provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or in any other Act or in the Memorandum of the Company or these Articles or any regulations not inconsistent therewith and duly made there under including regulations duly made by the Company in General Meeting but no regulations made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if those regulation had not been made.

35. Without prejudice to the general powers conferred by the last proceeding Article and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by the Articles to the restrictions contained in the preceding Article, it is hereby declared that directors shall have the following powers, that is to say, power :-

1) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.

2) To pay and charge to the capital account of the Company any commission or interest lawfully payable under the provisions of Section 76 and 208 of the Act.

3) Subject to Section 292, 297 and 360 of the Act to purchase or otherwise acquire for the Company any property, rights or privileges which the company is authorized to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit and if any such purchase or other acquisition to accept such title as the directors may believe or may be advised to be reasonably satisfactory.

4) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the company either wholly or partly in cash or in shares, bonds, debentures, mortgages or other securities of the Company and any such shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages, or other securities may be either specifically charged upon all or any part of the property of the company and its uncalled capital or not so charged.

5) To secure the fulfillment of any contracts or engagement entered into by the company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.

6) To accept from any member, so far as may be permissible by law, surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.

7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustee or trustees.

8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officer or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company and to refer any differences to arbitration either according to India law or according to any foreign law and either in India or abroad, and observe, perform or challenge any award made thereon.

9) To act on behalf of the Company in all matters relating to bankrupts or insolvents.

10) To make and give receipts, release and other discharges for moneys payable to the Company and for the claims and demands of the Company.

11) Subject to the Provisions of Section 292, 292 (1) (a), 295, 369, 370, 372 and 373 of the Act, to invest and deal with any money of the Company, upon such security (not being shares of this Company), or without security and in such manner as they may think fit and from time to time to vary or realize such investment. Save as provided in Section 49 of the act, all investment shall be made and held in the company’s own name.

12) To execute in the name and on behalf of the Company in favor of any director or other person who may incur or be about to incur any personal liability whether as principal or surety for the benefit of the Company such mortgages of the company’s property (present and future) as they think fit and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

13) To determine from time to time who shall be entitled to sign, on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.

14) To distribute by way of bonus amongst the staff of the company a share in the profits of the Company and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as part of the working expenses of the Company.

15) To provide for the welfare of directors or ex-directors or employees or ex-employees of the Company and the wives, widows and families or the dependents or connection of such persons by building or contributing to the building of houses, dwelling or chawls or by grants of money, pension, gratuities, allowances, bonus or other payments or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds or trust and by providing or subscribing or contributing towards places of interest and recreation, hospitals and dispensaries, medical and other attendance and other assistance subject to the limits laid down by Section 293 and 293-A of the Act as amended by the Companies (Amendment) Act to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific national, or other institutions, bodies and objects which shall have any moral or other claim to support or aid by the company, either by reason of locality of operation or of public and general utility or otherwise.

16) To appoint and at their discretion, remove or suspend such general managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as may from time to time think fit and to determine their powers and duties and fix their salaries or emoluments or remuneration and to require security in such instances and of such amount as they may think fit and from time to time to provide for the management and transaction of the affairs of the Company in any special locality in India or elsewhere in such manner as they think fit.

17) To comply with the requirements of any local law which in their opinion it shall, in the interest of the Company, be necessary or expedient to comply with.

18) From time to time and at any time to establish any local Board of managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such local Board and to fix their remuneration.

19) Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Board and to authorize the members for the time being of nay such local Board or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Board thinks fit and may at any time remove any person so appointed any may annul or vary such delegation.

20) At any time and from time to time by powers of attorney under the Seal of the Company to appoint any person or persons to be the attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their

limits authorized by the Board the powers to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit and any such appointment may (if the Board think fit) be made in favor of the members of any of the members of any local Board established as aforesaid or in favor of any company or the shareholders, directors, nominees or managers of any company or firm or otherwise in favor of any fluctuation body of persons whether nominated directly or indirectly by the Board and any such power of attorney as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

21) Subject to Sections 294, 297 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind any vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the company as they may consider expedient.

22) Subjects to Sections 293 of the Acts, to sell, lease or otherwise dispose any of the properties or undertakings of the Company.

MANAGING DIRECTORS

36. Subject to the provisions of Sections 267, 368, 369, 316, and 317 of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors of the Company, either for a fixed time or without any limitation as to the period for which he or they is or are to hold such office, and may, from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

37. Subject to the provisions or Sections 309, 310 and 311 of the Act a Managing Directors shall, in addition to any remuneration that might be payable to him as a Director of the Company under these Articles, received such remuneration as may from time to time be approved by the Company.

38. Subject to the provisions of the Act and in particular to the prohibitions and restrictions contained in Section 292 thereof the Board may from time to time entrust to and confer upon the Managing Director or Managing Directors for the time being such of the powers exercisable under these presents by the Directors as they may think fit and may confer such powers for such time and to be exercised for such objects and purpose and upon such terms and conditions and with such restrictions as they think fit; and they may confer such powers, either collaterally with, or to the exclusion of , and in substitution for all or any of the powers of the directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

39. Subject to the provisions of the Act the Managing Director or Managing Directors shall not, while he or they continue to hold that office, be subject to retirement by rotation in accordance with Article 100.

40. The Board shall provide a common seal for the purpose of the Company and shall have powers from time to time to destroy the same and substitute a new seal in lieu thereof and the Board shall provide for the safe custody of the seal for the time being and the seal shall never be used except by the authority of the Board of a Committee of the Board previously given and in the presence of a director of the Company or some other person appointed by the directors for the purpose.

The Company shall also be at liberty to have an official Seal in accordance with Section 50 of the Act for use in any territory, district or place outside India.

41. Every deed or other instruments to which the seal of the Company is required to be affixed shall unless the same is executed by a duly constituted attorney be signed by one director and the secretary or some other person appointed by the Board for the purpose, provided nevertheless that certificate of shares may be sealed in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 or the statutory modification or re-enactment thereof for the time being in force.

DIVIDENDS

42. Subject to the rights of members entitled to shares (if any) with preferential or special rights attached thereto the profits of the Company which it shall from time to time be determined to divide in respect of any year or other period shall be applied in the payment of a dividend on the equity shares of the Company but so that a party paid-up share shall only entitle the holder with respect thereto such proportion of the distribution upon a fully paid-up shares as the amount paid thereon bears to be nominal amount of such share and so that where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.
43. The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may fix time for payment.
44. No larger dividend shall be declared than it's recommended by the directors but the company in General Meeting may declare a smaller dividend.
45. No dividend shall be payable except out of the profits of the Company of the year of any other undistributed profits.
46. Where any assets, business or property is bought by the Company as from a past date upon the terms that the Company shall as form that date take the profits and bear the losses thereof such profits and losses as the case may be shall, at the discretion of the Directors, be so credited or debited wholly or in part to the Profit and Loss Account and in that case the amounts so credited or debited shall for the purpose of ascertaining the fund available for dividend be treated as a profit or loss arising from the business of the Company and available for dividend accordingly. If any shares or securities are purchased with dividend or interest such dividend or interest when paid may at the discretion of the directors be treated as revenue and it shall not be obligatory to capitalize the same or any part thereof.
47. The declaration of the directors as to the amount of the net profits of the Company shall be conclusive.
48. The Directors may from time to time pay to the members such interim dividend as in their judgment the position of the Company justifies.
49. The Directors may retain dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts liabilities or engagements in respect of which the lien exists.
50. Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the call.
51. No member shall be entitled to receive payment of any interest or dividend in respect of his share of shares, whilst any money may be due or owing form him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other persons and the Board may deduct from the interest of dividend payable to any member all sums of money so due from him to the Company.
52. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
53. Unless otherwise directed any dividend may be paid by cheques or warrant or by a pay slip or receipt have the force of a cheques or warrant, sent through the post to the registered address of the members or persons entitled or in case of joint-holders to that one of them first named in the Register of the Members in respect of the joint-holding. Every such cheques or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheques or warrant or pay slip or receipt lost in transmission or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheques or warrant or the forged signature of any slip or receipt of the fraudulent recovery of the dividend by any other means. If several persons are registered as joint-holders of any shares, any one of them can give effectual receipts of any dividends or other moneys payable in respect thereof. No unclaimed dividend shall be forfeited before the claim thereto becomes barred by law. "And the

Company shall comply with the provisions of Section 205-A of the Act in respect of the unclaimed or unpaid dividend."

CAPITALISATION

54. Any General Meeting may resolve that any moneys. Investments or other assets forming part of the undivided profits of the Company standing to the credit of any reserve or reserves or any capital redemption reserve fund or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the share premium account be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportion on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full any unissued shares, debentures or debenture stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum provided that any sum standing to the credit of a share premium account or capital redemption reserve fund may for the purpose of this Article only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

55. A general meeting may resolve that any surplus money arising from the realization of any capital assets of the company or any investment representing the same or any other undistributed profits of the Company not subject to charge for income-tax, be distributed among the members on the footing that they receive same as capital.

56. For the purpose of giving effect to any resolution under the preceding two Articles the Board may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalized fund as may seem expedient to the Board. Where requisite a proper contract shall be filed in accordance with Section 75 of the Act and the Board may appoint any person to sign such contract on behalf of persons entitled to the dividend or capitalized fund and such appointment shall be effective.

BOOKS AND DOCUMENTS

57. The Directors shall cause to be kept proper books of accounts in accordance with Section 209 of the Act with respect to -----

a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place;
b) all sales and purchases of goods by the Company ;
c) the assets and liabilities of the Company ;

58. The books of accounts shall be kept at the office subject to the provision to Section 209 of the Act at such other place as the directors think fit and shall be open to inspection by the directors during the business hours.

59. The directors shall from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts and books of the company or any of them shall be open to the inspection of the members not being directors and no member (not being a director) shall have any right to inspecting any account or books or document of the Company except as conferred by law or authorized by the directors.

60. The directors shall from time to time, in accordance with Section 210, 212, 215, 216, 217 and 221 of the Act, cause to be prepared and to be laid before the Company in General Meeting such Profit and Loss Accounts, Balance Sheet and reports as are referred to in those Sections.

61. A copy of every such Profit and Loss Account and Balance Sheet (including the Auditor's Report and every other document required by law to be annexed or attached to the Balance Sheet) shall, at least twenty-one days before the meeting at which the same are to be laid before the members, be sent to the members of the Company, to holders of debentures issued by the Company (not being debentures which exfacie are payable to the bearer thereof), to trustees for the holders of such debentures and to all person entitled to receive notices of General Meeting of the Company.

AUDIT

62. Auditors shall be appointed and their rights and duties regulated in accordance with Sections 224 and 233 of the Act.

63. Every account of the Company when audited and approved by General Meeting shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. When any such error is discovered within that period the accounts shall forthwith be corrected thenceforth shall be conclusive.

DOCUMENTS AND NOTICE

64.

1) A document or notice may be served or given by the Company on any member or an officer either personally or by sending it by post to him his registered address or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for serving documents or notices on him.

2) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a member has intimated to the Company in advance that document or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgment due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been affected in the case of a notice of a meeting at the expiration of forty-eight hours after the letter containing the document or notice is posted and in any other case, at the time at which the letter would be delivered in the ordinary course of post.

65. A document or notice advertised in newspaper circulating in the neighborhood of the office shall be deemed to be duly served or sent on the day on which the advertisement appears on or to every member who has no registers address in India and has not supplied to the Company any address within India for the service of document on him or the sending of notice to him.

66. A document or notice may be served or given by the Company on or to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to him by name or by the title or representative of the deceased or assignee of the insolvent or by any like description, at the address (if any) in India supplied for the purpose by the person claiming to be so entitled or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.

67. Documents or notices of every General Meeting shall be served or given in same manner hereinbefore authorized on or to (a) every member (b) every person entitled to a share in consequence of the death or insolvency of a member and (c) the auditor or auditors for the time being of the Company.

68. Every person who by operation of law, transfer or other means whatsoever, shall become entitled to any shares, shall be bound by every document or notice in respect of each share, previously to this name and address being entered on the Register of Members, shall have been duly served on the person from whom he derives his title to such share.

69. Any document or notice to be served or given by the Company may be signed by a director or some person duly authorized by the Board for such purpose and the signature may be written, printed or lithographed.

70. All documents or notices to be served or give by members on or to the Company or any officer there of shall be served or given by sending them to the Company or officer at the office by post under a certificate of posting or by registered post or by leaving it at the office.

AUTHENTICATION OF DOCUMENTS

71. Save as otherwise expressly provided in the Act or these Articles documents or proceedings requiring authentication by the Company may be signed by a Director or an authorized officer of the Company and need not be under its seal.

WINDING UP

72. To liquidator on any winding-up (whether voluntary, under supervision, or compulsory) may, with the sanction of a special resolution but subject to the rights attached to any preference share capital, divided among the contributories in specie any part of the assets of the Company and may, with the like sanction, vest any part of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit.

INDEMNITY AND REPONSIBILITY

73. Subject to the provisions of Sections 201 of the Act every director, manager, officer or servant of the Company or any person (whether an officer of the company or not) employed by the Company as auditor shall be indemnified out of the funds of the Company against all claims and it shall be the duty of the directors out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or things done, about the execution or discharge of his duties or supposed duties 9except such if any, as he shall incur or sustain through or by his own willful act, neglect or default including expenses and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such director, manager, officer or auditor in defending any proceedings whether civil or criminal in which judgment is given in his favor or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

74. Subject to the provisions of the Act, no director, auditor or other officer of the Company shall be liable for the act, receipts, neglects or defaults of any other director of officer of for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the director for or on behalf of the company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damages arising from the bankruptcy, insolvency or tortuious act of any person, firm or company to or with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss, damage or misfortune whatever which shall happen in relation to the execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

75. No member shall be entitled to visit or inspect any works of the Company without the permission of the directors or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the directors it would be inexpedient in the interest of the Company to disclose.

SCHEME OF AMALGAMATION

Scheme of Amalgamation of Shaily Engineering Plastics Limited, Shaily Plastic Finishing Limited, Shaily Technologies Private Limited, Shaily Group Holdings Private Limited, En-Plas Management Consultants Private Limited, Mahendra Sanghvi Investment Private Limited and RT Shaily (India) Private Limited with Anmol Trading Company Limited under Section 391 read with Section 394 of the Companies Act, 1956 and their respective shareholders.

1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings:

1.1 "**The Act**" means the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force.

1.2 "**The Appointed Date**" means 1st April, 2001 or such other date as may be fixed by the High Court at Mumbai and High Court of Gujarat at Ahmedabad.

1.3 **"The Effective Date"** means the last of the dates on which the sanctions and approvals and the sanctioning the Scheme referred to in Clause 1 of Part IV of the Scheme are obtained.

1.4 **"The Scheme"** means this Scheme of Amalgamation.

1.5 **"SEPL"** means Shaily Engineering Plastics Limited, a company incorporated under the Act and having its Registered Office at 707 GIDC Halol, Halol, District Panchmahals, Gujarat, India 389350.

1.6 **"SPFL"** means, Shaily Plastic Finishing Limited, a company incorporated under the Act and having its Registered Office at Survey # 366, At Post Rania, Taluka Savli, District Baroda, Gujarat, India 391780.

1.7 "**STPL"** means Shaily Technologies Private Limited, a company incorporated under the Act, and having its Registered Office at Survey # 366, At Post Rania, Taluka Savli, District Baroda, and Gujarat, India 391780.

1.8 **"SGHPL**" means Shaily Group Holdings Private Limited, a company incorporated under the Act, and having its Registered Office at Survey # 366, At Post Rain, Taluka Savli, District Baroda, and Gujarat, India 391780.

1.9 **"En-Plas**" means En-Plas Management Consultants Private Limited, a company incorporated under the Act, and having its Registered Office at Survey # 366, At Post Rain, Talk Savli, District Baroda, Gujarat, India 391780.

1.10 **"MSIPL"** means Mahendra Sanghvi Investment Private Limited, a company incorporated under the Act, and having its Registered Office at Survey # 366, At Post Rania, Taluka Savli, District Baroda, and Gujarat, India 391780.

1.11 **"RTSIPL"** means RT Shaily (India) Private Limited, a company incorporated under the Act, and having its Registered Office at Survey # 366, At Post Rania, Taluka Savli, District Baroda, Gujarat, India 391780.

1.12 "**The Transferee Company"** means Anmol Trading Company Limited (ATCL), a company incorporated under the Act, and having its Registered Office at 51 Dariyasthan Street, Vadgadi, and Mumbai 400003.

1.13 "**The Transferor Companies"** mean SEPL, SPFL, STPL, SGHPL, EN-PLAS, MSIPL and RTSIPL.

1.14 "Undertaking" means:

(a) all the assets and properties of each of the Transferor Companies as on the Appointed Date:

(b) all the debts, liabilities, duties and obligations of each of the Transferor Companies as on the Appointed Date:

and includes all the reserves, movable and immovable properties and assets of each of the Transferor Companies including their leasehold rights, tenancy rights, industrial and other licenses, permits, authorizations, quota rights, trade marks, patents and other industrial and intellectual property rights, import quotas, telephones, telex, facsimile and other communication facilities and equipment, rights and benefits of all agreements and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals.

2. SHARE CAPITAL

2.1 The authorized and the issued subscribed and paid up share capital of each of the transferor Companies are as follows:

SEPL

The authorized share capital is Rs.7, 25, 00,000(Rupees seven crores twenty five lacs) divided into 62, 50,000 (sixty two lakhs fifty thousand) equity shares of Rs.10/- each and 10, 00,000 (ten lakhs) preference shares of Rs. 10/- each.

The issued, subscribed and paid up share capital is Rs 6,83,01,000 (Rupees six crores eighty three lakhs one thousand) divided into 58,88,100 (fifty eight lakhs eighty eight thousand one hundred) equity shares of Rs.10/- each fully paid up, 3,00,000 (three lakhs) 6 % Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid up and 6,42,000 (six lakhs forty two thousand) 10 % Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid up.

Subsequent to the Appointed date the Board of Directors of SEPL has granted options for 2, 32, 000 (two lakhs thirty two thousand) Equity Shares of Rs. 10 each to the Directors of the Company in terms of section 79 A of the Companies Act, 1956, which have been considered appropriately in determining the value per share of SEPL and consequently the share exchange ratio.

SPFL

The authorized share capital is Rs.2, 50, 00,000 (Rupees two crore fifty lacs) divided into 2, 50,000 (two lakhs fifty thousand) equity shares of Rs.10/- each and 22, 50,000 (twenty two lacs fifty thousand) Preference Shares of Rs. 10/- each.

The issued, subscribed and paid up share capital is Rs. 2,45,00,200 (Rupees two crores forty five lakhs and two hundred) divided into 2,00,020 (two lakhs twenty) equity shares of Rs.10/- each fully paid up and 22,50,000 (twenty two lakhs fifty thousand) 6 % Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid up.

STPL

The authorized share capital is Rs. 10, 00,000 (Rupees ten lakhs) divided into 10,000 (ten thousand) equity shares of Rs.100/- each.

The issued, subscribed and paid up share capital is Rs. 7, 05,000 (Rupees seven lakhs five thousand) divided into 7050 (seven thousand fifty) equity shares of Rs.100/- each fully paid up.

SGHPL

The authorized share capital is Rs. 5, 00,000 (Rupees five lakhs) divided into 50,000 (Fifty thousand) equity shares of Rs.10/- each.

The issued, subscribed and paid up share capital was Rs. 2,000 (Rupees two thousand) divided into 200 (two hundred equity shares of Rs.10/- each fully paid up. Subsequent to the Appointed date the company has further allotted 49,800 Equity Shares of Rs. 10 each fully paid up at a premium of Rs. 390 (Rupees three hundred and ninety only) to the persons who had made application for shares prior to the appointed date and consequent upon the issuance of shares against the said allotment the issued, subscribed and paid up share capital now stands at Rs. 5,00,000 (Rupees five lacs) divided into 50,000 (fifty thousand) equity shares of Rs. 10/- each fully paid up. An amount of Rs. 1, 94, 22,000 (Rupees one crore ninety four lacs twenty two thousand only) have been transferred to the Share Premium Account.

EN-PLAS

The authorized share capital is Rs. 5, 00,000 (Rupees five lakhs) divided into 50,000 (Fifty thousand) equity shares of Rs.10/- each.

The issued, subscribed and paid up share capital was Rs. 200 (Rupees two hundred) divided into 20 (twenty equity shares of Rs.10/- each fully paid up. Subsequent to the Appointed date the company has further allotted 4,980 Equity Shares of Rs. 10 each fully paid up and consequent upon the issuance of shares against the said allotment the issued, subscribed and paid up share capital now stands at Rs. 50,000 (Rupees fifty thousand) divided into 5,000 (five thousand) equity shares of Rs. 10/- each fully paid up.

MSIPL

The authorized share capital is Rs. 1, 00,000 (Rupees one lakh) divided into 10,000 (ten thousand) equity shares of Rs.10/- each.

The issued, subscribed and paid up share capital is Rs. 2,000 (Rupees two thousand) divided into 200 (two hundred equity shares of Rs.10/- each fully paid up.

RTSIPL

The authorized share capital is Rs. 5, 00,000 (Rupees five lakhs) divided into 50,000 (Fifty thousand) equity shares of Rs.10/- each.

The issued, subscribed and paid up share capital is Rs. 7,000 (Rupees seven hundred) divided into 700 (seven hundred equity shares of Rs.10/- each fully paid up.

2.2 The authorized share capital of the Transferee Company is Rs.25, 00,000 (Rupees twenty five lakhs) divided into 2, 50,000 (two lakhs fifty thousand) equity shares of Rs.10/- each.

The issued, subscribed and paid up share capital is of the Transferee Company is Rs.5, 00,000 (Rupees five lakhs) divided into 50,000 (fifty thousand) equity shares of Rs.10/- each fully paid up.

PART II – THE SCHEME

1. DATE WHEN THE SCHEME COMES INTO OPERATION

1.1 Although the Scheme comes into operation from the Appointed Date it shall only become effective from the Effective Date.

2. TRANSFER OF UNDERTAKING

2.1 With effect from the Appointed Date, the Undertaking shall, pursuant to the provisions contained in Section 394 and other applicable provisions of the Act, stand transferred to and vest in or be deemed to be transferred to and vest in the Transferee Company without any further act, deed, matter or thing (save as provided in Clause 2.2 of this Part) so as to become the property or liabilities of the Transferee Company but subject to all charges affecting the same. PROVIDED ALWAYS that the Scheme shall not operate to enlarge the security for any loan deposit or facility availed of by the Transferee Company and the Transferee Company shall not be obliged to create any further or additional security therefore after the Effective Date or otherwise.

2.2 All the movable assets of each of the Transferor Companies shall be physically handed over by manual delivery to the Transferee Company to the aim and intent that the ownership and property therein passes to the Transferee Company, on such handing over. The amounts lying with the Banks to the credit of each of the Transferor Companies as of the Appointed Date shall also be transferred to the Transferee Company. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors of each of the Transferor Companies and the Transferee Company within thirty days from the date of the Orders of the High Court at Mumbai and High Court of Gujarat at Ahmedabad sanctioning the Scheme.

2.3 On an from the Appointed Date and subject to any corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company, be required, the reserves and the balance in the Profit and Loss Account of each of the Transferor Companies will be merged with those of the Transferee Company in the same form as they appear in the financial statements of each of the Transferor Companies. In other words, the reserves and the balance in the Profit and Loss Account of each of the Transferee Companies as on the Appointed Date shall be incorporated in the books and Balance Sheet of the Transferee Company.

2.4 The difference between the amount recorded as fresh share capital issued by the Transferee Company on amalgamation and the amount of share capital of each of the Transferor Companies shall be reflected in the reserves of the Transferee Company.

2.5 With effect from the Appointed Date all the debts, liabilities, duties and obligations of each of the Transferor Companies shall, pursuant to the Orders of the High Court at Mumbai and High Court of Gujarat at Ahmedabad under Section 394 and other applicable provisions of the Act and without any further act or deed, be also transferred or deemed to be transferred to an vest in and be assumed by the Transferee Company, so as to become as from the Appointed Date the debts, liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to each of the Transferor Companies.

3. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

3.1 Subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which each of the Transferor Companies is a party subsisting or having effect immediately before or after the Effective Date shall remain in full force and effect against or in favour of the Transferee Company and shall be binding on and be enforceable against the Transferee Company as fully and effectively as if it had at all material times been a party thereto.

4. LEGAL PROCEDINGS

4.1 If any suit, appeal or other proceedings of whatever nature (hereinafter referred to as "the Proceedings") by or against each of the Transferor Companies is pending on or after the Appointed Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the Undertaking or of anything contained in the Scheme but the Proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against each of the Transferor Companies as if the Scheme had not been made.

5. EMPLOYEES OF THE TRANSFEROR COMPANIES

5.1 All permanent employees of the Transferor Companies immediately preceding the Effective Date shall become the permanent employees of the Transferee Company on and from the Effective Date on the basis that:

(a) their services shall be deemed to have been continuous and not have been interrupted by reason of the transfer of the Undertaking;

(b) the terms and conditions of service applicable to such employees after such transfer shall not in any way be less favorable than those applicable to them immediately preceding the said transfer;

(c) as far as the Provident Fund, Gratuity Fund, Superannuation Fund or any Special Fund created or existing for the benefit of such permanent employees of the Transferor Companies are concerned, on and from the Effective Date, the Transferee Company shall stand substituted for the Transferor Companies for all purposes whatsoever in relation to the obligation to make contributions to such Funds in accordance with the provisions of such Funds according to the terms provided in the respective Trust Deeds. It is the aim and intent that all the rights, duties, powers and obligations of the Transferor Companies in relation to such Funds shall become those of the Transferee Company. It is clarified that the services of such permanent employees of the Transferor Companies will be treated as having been continuous and not interrupted for the purposes of such Funds.

6. CONDUCT OF BUSINESS, BY THE TRANSFEROR COMPANIES AND THE COMPANY UNTIL EFFECTIVE DATE

6.1 With effect from the Appointed Date and upto and including the Effective Date, each of the Transferor Companies shall:

a) carry on and be deemed to carry on all its business and activities and stand possessed of its properties and assets for and on account of and in trust for the Transferee Company and all the profits accruing to each of the Transferor Companies or losses arising or incurred by them shall for all purposes be treated as the profits or losses of the Transferee Company, as the case may be;

b) carry on its business with reasonable diligence and shall not without the prior written consent of the Transferee Company alienate, charge or otherwise deal with or dispose of the Undertaking or any part thereof except in the ordinary course of its business;

c) not vary the terms and conditions of service of its permanent employees except in the ordinary course of its business;

d) not, without the prior written consent of the Transferee Company, undertake any new business or a substantial expansion of its existing business.

6.2 With effect from Appointed Date and upto and including the Effective Date the Transferee Company:

(a) Shall carry on its business with reasonable diligence and shall not without the prior consent of the Transferor Companies alienate or otherwise deal with or dispose of its business or all or a substantial part of the assets pertaining thereto except in the ordinary course of its business;

(b) Shall not vary the terms and conditions of service of its permanent employees except in the ordinary course of its business.

7. DIVIDENDS, PROFITS, BONUS/RIGHTS SHARES

7.1 Dividends may be declared or paid by the Transferor Companies or Transferee Company after mutual consultation with each other;

7.2 The Transferor Companies and the Transferee Company shall not issue or allot after the Appointed Date any rights shares, bonus shares or other shares out of their respective authorized or unissued share capital for the time being, without the consent of each other(s).

8. ISSUE AND ALLOTMENT OF SHARES BY TRANSFEREE COMPANY

8.1 Upon the Scheme becoming finally effective, in consideration of the transfer and vesting of the Undertaking of each of the Transferor Companies in the Transferee Company in terms of the Scheme, the Transferee Company shall, without any further application, act or deed, issue and allot equity shares of Rs.10/- each credited as fully paid up in the capital of the Transferee Company to every equity shareholder of each of the Transferor Companies whose name appears in the Register of Members on a date ("Record Date") to be fixed by the Board of Directors of the Transferee Company in the following proportion:
SEPL - 1 (One) ATCL Equity share for every 1 (One) SEPL Equity share
SPFL - 1 (One) ATCL Equity share for every 2 (Two) SPFL Equity shares
SGHPL- 57 (fifty seven) ATCL Equity shares for every 1 (one) SGHPL Equity Share
En-Plas-46 (forty six) ATCL Equity Shares for every 1 (one) En-Plas Equity Share

Entire outstanding Equity Shares of the STPL is held by SEPL and consequently upon the Scheme becoming finally effective, the said Equity shares shall stand cancelled and no shares will be issued to SEPL or any of the shareholders of SEPL on the cancellation of the said shares. Shares of a Transferor Company or Transferee Company held by another Transferor Company will stand extinguished for the purpose of working out the share exchange ratio and no shares shall be allotted in exchange of the shares so extinguished.

No shares shall be allotted to the shareholders of RTSIPL and MSIPL and consequent upon the Scheme becoming finally effective, their respective shares shall stand extinguished.

Upon the Scheme becoming finally effective, in addition to the issuance of the above Equity Shares, ATCL shall issue preference shares to the preference shareholders of SEPL whose name appears in the Register on the Record Date on the same terms and conditions as to right of dividend and redemption, as that of the outstanding preference shares of SEPL to the effect that the said shareholders shall be entitled to the same rights as to dividend and redemption as if the amalgamation had not taken effect.

Upon the Scheme becoming finally effective, in addition to the issuance of the above Equity Shares, ATCL shall issue further 2, 32,000 (two lakhs thirty two thousand) equity shares of Rs. 10/- (ten) each fully paid up to be placed at the disposal of the Board of Directors of SEPL for allotment to persons who are eligible in terms with the outstanding Stock Options.

Entire outstanding Preference Share Capital of SPFL is held by SEPL and consequently upon the Scheme becoming finally effective the said Preference Shares shall stand cancelled and no shares shall be issued to SEPL or any of the shareholders of the SEPL on cancellation of the said shares.

The equity shares when issued and allotted by the Transferee Company in terms of the Scheme shall be subject to the Memorandum of Articles of Association of the Transferee Company and shall rank for dividend, voting rights and in other respects pari passu with the existing equity shares of the Transferee Company.

8.2 No fractional Certificates shall be issued by the Transferee Company in respect of the fractional entitlements, if any, to which the shareholders of each of the Transferor Companies may be entitled on issue and allotment of the equity shares of the Transferee Company as aforesaid. The Board of Directors of the Transferee Company shall instead consolidate all such fractional entitlements to which the shareholders of each of the Transferor Companies may be entitled on issue and allotment of the equity share of the Transferee Company as aforesaid and thereupon issue and allot equity shares in lieu thereof to a Director or an officer of the Transferee Company with the express understanding that such Director or officer to whom such equity shares are issued and allotted shall hold the same in trust for those entitled to the fractions and sell the same in the market at the best available price and pay to the Transferor Company the net sale proceeds thereof whereupon the Transferee Company shall, subject to the approval of the Reserve Bank of India, wherever required, and subject to withholding tax, if any, distribute such net sales proceeds to the shareholders of each of the Transferor Companies in proportion to their fractional entitlements.

8.3 Every shareholder of each of the Transferor Companies shall surrender to the Transferee Company for cancellation; the relevant share certificates held by him in the Transferor Companies and take all steps to obtain from the Transferee Company certificates for the equity shares in the Transferee Company which he may be entitled to in terms of the Scheme.

8.4 For the purpose aforesaid, the Transferee Company shall, if and to the extent required, apply for an obtain the consent of the Securities Exchange Board of India, the Foreign Investment Promotion Board, the Reserve Bank of India and other concerned authorities, to the issue and allotment of equity shares to the respective shareholders of the Transferor Companies.

9. APPLICATIONS TO THE HIGH COURTS

9.1 On the Scheme being approved by the requisite majority of shareholders of each of the Transferor Companies and Transferee Company respectively representing the required value, each of the Transferor Companies shall, with all reasonable dispatch, apply under Section 391 and 394 of the Act to the High Court of Gujarat at Ahmedabad and the Transferee Company shall, with all reasonable dispatch, apply under Section 391 and 394 of the Act to the High Court at Mumbai for sanctioning the Scheme and for such further order or orders hereunder as the High Court of Gujarat at Ahmedabad and High Court at Mumbai may deem fit for carrying the Scheme into effect and for dissolution of each of the Transferor Companies without winding up.

10. MODIFICATIONS OR AMENDMENTS TO THE SCHEME

10.1 The Transferor Companies and the Transferee Company through their respective Board of Directors may in their full and absolute discretion assent to any modifications or amendments to the Scheme which the High Court of Gujarat at Ahmedabad or High Court at Mumbai, shareholders of each of Transferor Companies and/or Transferee Company and/or any other competent authority may deem fit to approve and may give such directions as they may consider necessary or desirable for settling any question, doubt or difficulty arising under the Scheme or in regard to its implementation or in any matter connected therewith (including any question, doubt or difficulty arising in connection any deceased or insolvent shareholder of any of the Transferor Companies or the Transferee Company) and to do all acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect. In the event that any modification or amendment to the Scheme is unacceptable to any of the Transferor Companies and/or the Transferee Company for any reason whatsoever the Transferor Companies and/or Transferee Company shall be entitled to withdraw from the Scheme.

10.2 For the purpose of giving effect to the Scheme or to carry out any modification or amendment thereto, the Board of Directors of the Transferor Companies and the Transferee Company is authorised to give such directions and/or to take such steps as may be necessary or desirable including any directions for settling any question, doubt or difficulty whatsoever that may arise or appointing and authorizing any person for exercising the said powers.

PART III – MISCELLANEOUS

1.1 On the Scheme finally taking effect, the name of the Transferee Company shall stand changed to **"Shaily Engineering Plastics Ltd.. "**

1.2 On the Scheme finally taking effect, and subject to such conditions as may be imposed by the authorities having appropriate jurisdiction, the Registered Office of the Transferee Company shall stand transferred to the State of Gujarat and more particularly to, 707 GIDC, Halol, Dist. Panchmahals Gujarat, India 389350 and consequently Clause II of the Memorandum of Association of the Transferee Company shall stand modified to the extent.

1.3 On the Scheme finally taking effect, the authorized share capital of the transferee company shall stand increased to Rs. 7,00,00,000 (Rupees Seven Crores Only) divided into 60,00,000 (Sixty Lakhs) Equity Shares of Rs. 10/- each, 3,00,000 (Three Lakhs) 6 % Cumulative Redeemable Preference Shares of Rs. 10/- each and 7,00,000 (Seven Lakhs) 10 % Cumulative Redeemable Preference Shares of Rs. 10/- each and consequently in clause V of the Memorandum of Association of the transferee Company for the words, figures and brackets "Rs. 25,00,000 (Rupees Twenty-five lakhs only) divided into 2,50,000 (Two Lakhs Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten only) each." be substituted with "Rs. 7,00,00,000 (Rupees Seven Crores Only) divided into 60,00,000 (Sixty Lakhs) Equity Shares of Rs. 10/- each, 3,00,000 (Three Lakhs)

6 % Cumulative Redeemable Preference Shares of Rs. 10/- (Rupees Ten Only) each and 7,00,000 (Seven Lakhs) 10 % Cumulative Redeemable Preference Shares of Rs. 10/- (Rupees Ten Only) each." and in clause 3 of the Articles of Association of the Transferee Company also for the words, figures and brackets "Rs. 25,00,000 (Rupees Twenty-five lacs only) divided into 2,50,000 (Two Lacs Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each." be substituted with "Rs. 7,00,00,000 (Rupees Seven Crores Only) divided into 60,00,000 (Sixty Lakhs) Equity Shares of Rs. 10/- each, 3,00,000 (Three Lakhs) 6 % Cumulative Redeemable Preference Shares of Rs. 10/- (Rupees Ten Only) each and 7,00,000 (Seven Lakhs) 10 % Cumulative Redeemable Preference Shares of Rs. 10/- (Rupees Ten Only) each.".

1.4 On the Scheme finally taking effect, and subject to the provisions to the contrary contained in the scheme the balances of loans, advances, deposits, investments, of the Transferor Companies inter se or of the Transferor Companies with the Transferee Company shall stand cancelled and would not be reflected in the books of accounts of the Transferee Company.

PART IV – GENERAL

1. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS

1.1 The Scheme is conditional on and subject to:

(a) the sanction or approvals of all persons or authorities concerned being obtained and granted in respect of any of the matters provided for or relating to the Scheme for which such sanction or approval is required;

(b) the approval of the Scheme by the requisite majorities representing the required values of the shareholders, of each of the Transferor Companies and of the Transferee Company;

(c) each of the Transferor Companies shall have taken all steps to the satisfaction of the Transferee Company in order to ensure that vacant, lawful, peaceful and unencumbered possession/right/title and/or interest in the immovable properties/premises of the respective Transferor Companies would be available to the Transferee Company on the Effective Date;

(d) the sanctions of High Court of Gujarat at Ahmedabad and High Court at Mumbai and under Section 391 and 394 of the Act and to the necessary Orders under Section 394 of the Act being obtained;

(e) the approval of the Securities Exchange Board of India, the Foreign Investment Promotion Board and of the Reserve Bank of India, if and to the extent required, being obtained under the provisions of Foreign Exchange Management Act, 1999, to the issue and allotment of equity shares in the Transferee Company to the non-resident shareholders of each of the Transferor Companies in accordance with the provisions of the Scheme; and

(f) Certified copies of the Orders of the High Court of Gujarat at Ahmedabad and High Court at Mumbai sanctioning the Scheme being filed with the Registrar of Companies, Gujarat, by each of the Transferor Companies and with the Registrar of Companies, Maharashtra the Transferee Company.

2. WHEN SCHEME TO BECOME NULL AND VOID

2.1 In the event of any of the sanctions or approvals referred to in Clause 1.1 of this Part not being obtained and/or the certified copies of the Orders referred to in Clauses 1.1(a) and (f) respectively of this Part not being filed as aforesaid on or before 31st October 2002 or within such further period or periods as may be agreed upon between each of the Transferor Companies by its Board of Directors and the Transferee Company by its Board of Directors or the Transferor Companies and/or the Transferee Company withdrawing from the Scheme pursuant to Clause 10.1 of Part II of the Scheme, the Scheme shall become null and void and in such event no rights or liabilities whatsoever shall accrue to or be incurred inter se between any of the Transferor Companies and the Transferee Company. Each party shall, in such event, bear its respective costs, charges and expenses in connection with the Scheme.

3. COSTS AND EXPENSES

3.1 Subject to Clause 2.1 of this Part, all costs, charges and expenses including stamp duty and registration fees of or in respect of any deed, document, instrument or Orders of the High Court of Gujarat at Ahmedabad and High Court at Mumbai in relation to or in connection with negotiations leading upto the Scheme and of carrying out and implementing the terms and provisions of the Scheme shall be borne and paid wholly by the Transferee

Gist of the order of the High Court at Mumbai dated 18th November, 2002 in the matter of Scheme of Amalgamation of

1) Shaily Engineering Plastics Limited
2) Shaily Plastics Finishing Ltd
3) Shaily Technologies Private Limited
4) Shaily Group Holdings Private Limited
5) En-plas Management Consultants Private Limited
6) Mahendra Sanghvi Investment Private Limited and
7) R T Shaily (India) Private Limited

With

Anmol Trading Company Limited

are as under:

THIS COURT DOTH HEREBY sanction the Scheme of Amalgamation of Shaily Engineering Plastics Limited, Shaily Plastics Finishing Ltd, Shaily Technologies Private Limited, Shaily Group Holdings Private Limited, En-plas Management Consultants Private Limited, Mahendra Sanghvi Investment Private Limited and R T Shaily (India) Private Limited, the Transferor companies with Anmol Trading Company Limited, the Petitioner company.

THIS COURT DOTH DECLARE THAT the same to be binding on the members and creditors of the Petitioner company and the Transferee Companies.

THIS COURT DOTH ORDER that with effect from 1st day of April, 2001 (the appointed date), the entire undertaking of the Transferor companies as mentioned in the Scheme of Amalgamation be transferred to and vested in the Petitioner company and accordingly the same shall pursuant to the provisions of section 394 (2) of the Companies Act, 1956 stand transferred to and vested in the Petitioner company so as to become the properties of the Petitioner company. AND THIS COURT DOTH FURTHER ORDER that with effective from the Appointed Date, all the debts, liabilities, duties and obligations of the Transferor Companies without any further act of deed be transferred to the Petitioner Company and accordingly the same shall pursuant to the provisions of section 394(2) of the Companies Act, 1956 stand transferred to the Petitioner Company so as to become debts, liabilities, duties and obligations of the Petitioner Company AND THIS COURT DOTH FURTHER ORDER that all the legal proceedings pending by or against the Transferor companies shall be continued and enforced by or against the petitioner company AND THIS COURT DOTH FURTHER ORDER that in consideration of the transfer of the running business of the Transferor Companies in favour of the Petitioner Company the Petitioner Company shall, without any further application, act or deed, issue and allot shares of the Petitioner Company to the shareholders of the Transferor Company as per Clause 8 of the Scheme of Amalgamation and Petition AND THIS COURT DOTH FURTHER ORDER that the petitioner Company do within thirty days after the date of the sealing of the Order, cause a certified copy of the order to be delivered to the Registrar of Companies, Maharashtra, Mumbai for registration AND upon such certified copy of order being so delivered to the Registrar of Companies. Maharashtra, Mumbai AND UPON receipt of the certified copies of the Orders passed by the High Court at Gujarat sanctioning the Scheme of Amalgamation in relation to the Petition filed by the Transferor Companies and upon receipt of the record and file in respect of the Transferor Companies from the Registrar of Companies, Ahmedabad the Registrar of Companies, Maharashtra, Mumbai shall place all the record and file of Transferor Companies and registered with him on the file kept by him in relation to the Petitioner Company and the filed of the Transferor Companies and the Petitioner Company shall be consolidated accordingly AND THIS COURT DOTH FURTHER ORDER that the scheme of amalgamation is sanctioned with the condition that the Petitioner Company shall comply with Section 97 of the Companies Act, 1956 AND THIS COURT DOTH FURTHER ORDER that the parties to arrangement, embodied in the Scheme of Amalgamation sanctioned herein or any other persons interested therein shall be at liberty to apply to this Hon'ble court for any directions that may be necessary in regard to the working of the arrangement embodied in the Scheme of Amalgamation sanctioned herein and set forth in the Schedule hereto or in the matter AND THIS COURT DOTH LASTLY ORDER that the Petitioner Company do pay a sum of Rs.2500/- to the Regional Director, Department of Company Affairs, Maharashtra, Mumbai towards the costs of the said petition WITNESS SHRI CHUNILAL KARSANDAS THAKKER, Chief Justice at Bombay aforesaid this 18th November, 2002.

Gist of 7 Orders passed by the High Court of Gujarat at Ahmedabad dated 14th August ,2002 pursuant to section 394 of the Companies Act, 1956 in the matter of

1. Shaily Engineering Plastics Limited
2. Shaily Plastics Finishing Ltd
3. Shaily Technologies Private Limited
4. Shaily Group Holdings Private Limited
5. En-plas Management Consultants Private Limited
6. Mahendra Sanghvi Investment Private Limited and
7. R T Shaily (India) Private Limited

is as under:

THIS COURT DOTH ORDER

That all the properties, rights and powers of the Transferor company specified in the schedule of the respective orders and all other property, rights and powers of the Transferor company be transferred without further act or deed to the transferee company and accordingly the same shall pursuant to section 394(2) of the companies Act,1956 be transferred to and vest in the transferee company for all the estate and interest of the transferor company therein but subject nevertheless to all charges now affecting the same, and

That all the liabilities and duties of the Transferor company be transferred without further act or deed to the Transferee company and accordingly the same shall, pursuant to section 394(2) of the companies Act,1956 be transferred to an become the liabilities and duties of the transferee company and

That all proceedings now pending by or against the Transferor company be continued by or against the Transferee company

That the Transferor company do within 30 days after the date of obtaining the certified copy of this order cause a certified copy of this order to be delivered to the Registrar of Companies for registration and on such certified copy being so delivered the Transferor company shall be dissolved and the Registrar of Companies shall place all documents relating to the Transferor Company and registered with him on the file kept by him relating to the Transferee Company and the files relating to the said two companies shall be consolidated accordingly

That any person interested shall be at liberty to apply to the Court in the above matter for any direction that may be necessary.

2. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONs

The following contracts and agreements referred to below (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before the date of this draft prospectus which are/or may be deemed to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred to below, all of which have been attached to the copy of the Draft Prospectus and which have been delivered to the Registrar of Companies, ROC Everest Building, Marine lines , Mumbai, may be inspected at the Registered & Head Office of the Company between 11.00 a.m. and 3.00 p.m. on any working day from the date of the Draft Prospectus until the date of closing of subscription list.

MATERIAL CONTRACTS

1. .Memorandum of Understanding between the company and Lead Manager, Centrum Capital Limited, dated 6th December 2006.
2. Memorandum of understanding dated 27th November, 2006, between the Company and the Registrar, Bigshare Services private Limited.
3. Copy of tripartite agreement entered into between CDSL, the Company and the Registrar, Bigshare Services Private Limited dated [.]
4. Copy of tripartite agreement entered into between NSDL, the Company and the Registrar, MCS Registrar Limited dated 19th August,2003.
5. Resolutions passed for reappointment and affixing remuneration of Mr Mahendra Sanghvi, as Managing Director, Mrs Tillotama Sanghvi as Whole Time Director at the AGM of the Company held on 31st August 2005 & reappointment and affixing remuneration of Mr Laxman Sanghvi as an Executive Director at the AGM held on 30th June ,2003.

MATERIAL DOCUMENTS

1. Memorandum of Association and Articles of Association of the Shaily Engineers Limited as amended from time to time
2. Certificate of Incorporation dated 18th April 1980 and certificate for commencement of Business dated 24th April,1980.
3. Copies of Special resolution under section 81 (1A) and other relevant provisions of Companies Act ,1956 dated 29th May 2006 passed at the Annual General Meetings of the Company authorising present issue.
4. Copies of all Insurance policies
5. Copies of all Government Approvals as mentioned in the Draft Prospectus.
6. Copy of Board resolution dated 29th May 2006 for authorising the FPO.
7. Letters from The Stock Exchange, Mumbai (BSE) dated **[.]** granting the 'in-principle' approval to the Listing of Shares
8. Consent letters from the Directors of the Company, Lead Manager to the Issue, Bankers to the Company , Auditors, Legal Advisors to the issue, Registrar to the Issuer, and Compliance Officer to act in their respective capacities and for inclusion of their names in the Draft Prospectus.

9. Power of Attorney(s) executed by the Directors for signing and making correction in the Draft Prospectus on their behalf.

10. Copies of Lease Agreements as mentioned in the Draft Prospectus

11. Copies of Annual Reports for the last five accounting periods, i.e., FYs 2001-2002, 2002-2003 and 2003-2004, 2004-05 and 2005-2006 of the Company

12. Copies of Annual Reports of Group/Associate companies as mentioned in the Draft Prospectus.

13. Due diligence certificate dated 16th December ,2006 issued by Lead Manager to the Issue, Centrum Capital Limited.

14. SEBI observation letter No [.] Dated **[.]**

15. Sanction Letters from State Bank of India dated 30th March 2006 sanctioning the term loan.

16. Report issued by Shah Sanghvi & Company , chartered Accountant & statutory Auditors of the Company dated 30th October,2006 , as mentioned in the draft prospectus .

17. Copy of certificate on sources and deployment of funds on the project dated 23rd November, 2006 received from Shah Shanghvi & Company, chartered Accountant & statutory Auditors of the Company.

18. Copy of letter dated 30th October, 2006 received from Shah Sanghvi & Company chartered Accountant & Statutory Auditors of the Company regarding tax benefits accruing to the Company and its shareholders.

19. Copies of Resolution passed under section 293 (1) (d) of Companies Act 1956 at the annual General Meeting of the company held on 29th May 2006 for borrowing powers.

20. Copy of Board resolution dated 7th December 2002 regarding appointment of the Compliance officer.

21. Copy of Compliance certificate dated 15th December,2006 received from Auditors of the company M/s Shah Sanghvi & Company chartered Accountants & Statutory Auditors regarding compliance of corporate governance Clause of the Listing Agreement.

22. Copy of consent dated 31st October,2006 from M/.s Shah Sanghvi & Company, chartered Accountants & Statutory Auditors for inclusion of its report on Accounts and tax benefits in the form and context in which they appear in the offer document.

23. Scheme of Amalgamation duly approved by the Honourable High Court at Mumbai & Gujarat vide their order dated 18th November ,2002 & 14th August, 2002 approving the scheme.

24. Certificate from the Architect M/s Rachna Niket, Architects dated 30th October 2006 regarding estimated of cost towards site development, construction of building with respect to Phase I, Phase II & Phase III of the project.

25. Certificate from Chartered Engineers M/s Shinnihon Kentei (S) Pte. Ltd vide their letter # 2006 –S1-0566 dated 28th June, 2006 regarding balance estimated life of the second hand machinery imported towards Phase I.

26. Letter from legal Advisor for vetting of the offer document.

27. Copies of titles deeds of all properties owned by the company.

28. Copies of the Draft Prospectus issued at the time of Initial public offer of the company in the year of 1980.

29. Copies of quotations received relating to plant & machinery as mentioned in the draft prospectus.

30. Letter of offer for open offer made by Enplas Management Consultants private limited on behalf of Shaily Group Holdings Pvt ltd , Mahendra Sanghvi,Mr Laxman Sanghvi and Mrs Tilottama Sangvi for purchase of Equity shares of Anmol Trading Limited.

Any of the Contracts or documents mentioned in this Draft Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliances of the provisions contained in the Companies Act and other relevant statutes**.**

1. DECLARATION

This is to confirm that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 1956 and rules made there under. All the legal requirements connected with this said offer as also the guidelines, instructions etc., issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

We the Directors of **Shaily Engineering Plastics Limited** and the Issuer(s), declare and confirm that no information/material likely to have a bearing on the decision of the investor in respect of the equity shares offered in terms of this Draft Prospectus have been suppressed/withheld and/or incorporated in a manner that would amount to misstatement/misrepresentation and in the event of it transpiring at any point of time till Allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/or amounts to misstatement/misrepresentation, wethe company undertake to refund the entire application moneys to all the subscribers within seven days thereafter, without prejudice to the provisions of Section 63 of the Act.

Since the date of last financial statement disclosed in this prospectus, there have been no circumstances that materially and adversely affects or is likely to affect the profitability of the Company or the value of its assets or its ability to pay off its liabilities within a period of next twelve months.

	Name	**Signature**
1.	Mr Mahendra Sanghvi	
2	Mr Laxman Sanghvi	
3	Mrs Tillottama Sanghvi	
4	Mr Bharat Sanghvi	
5.	Mr Jayesh Shah	
6.	Mr Hasmukh Shah	
7.	Mr Nilesh Mehta	
8.	Mr A S Anand Kumar	
9	Mr V. B Buch	
10	Mr Sarup Chowdhary	
11	Mr Sanjay Shah Vice President – Finance	

The Directors of the Company certify that all disclosures made in the Draft Prospectus are true and correct.

SIGNED BY

FOR SHAILLY ENGINEERING PLASTICS LIMITED,

Place: _________
Date: **……….., 2006**