



**Shahlon**  
Silk Industries Ltd.

# ANNUAL REPORT

**2022 - 2023**



[www.shahlon.com](http://www.shahlon.com)



## DISCLAIMER

In this annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically produce/publish contain forward-looking statements that set out anticipated results based on the management's plans and assumptions.

We have tried wherever possible to identify such statements by using words such as anticipate, estimate, expects, projects intends, plans, believes and words of similar substance in connections with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results is subject to risks, uncertainties and even inaccurate assumptions.

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## BOARD OF DIRECTORS

— **MR. DHIRAJLAL  
RAICHAND SHAH**  
(Chairman & Promoter Director)

Commerce Graduate having vast experience of more than 40 years in the textile business.

— **MR. ARVIND  
RAICHAND SHAH**  
(Managing Director)

Science Graduate having vast experience of around 37 years in the textile business.

— **MR. NITIN RAICHAND  
SHAH**  
(Whole-time Director)

Commerce Graduate having vast experience of around 36 years in the textile business.

— **MS. RICHA MANOJ  
GOYAL**  
(Professional Independent Director)

She is a Law graduate and fellow member of the Institute of Company Secretaries of India. Having more than 20 years of experience in the area of corporate laws and trademarks and copyrights and Goods and service tax.

— **MR. RAJENDRA  
KUNDANLAL DESAI**  
(Professional Independent Director)

A qualified CA with as experience of more than 31 years in field of project finance, audit, accounts and taxation

— **MR. VAIBHAV  
JAYANTBHAI MEHTA**  
(Professional Independent Director)

Textile Technology (Engineer), he has relevant experience of 25 years in textile industry.



## CORPORATE INFORMATION



### COMPANY SECRETARY

Hitesh Kantilal Garmora

### CFO

Mr. Satish H. Shah

### AUDITORS

M/s. Rasesh Shah & Associates,  
Chartered Accountants, Surat.

### SECRETARIAL AUDITOR

**Bhairav H. Shukla,**  
Practicing Company Secretary

### BANKERS

- 1.The Cosmos Co-Operative Bank Limited, Surat
- 2.Bank of Baroda, Zampa Bazar, Surat
3. ICICI Bank, Ahmedabad.

### REGISTERED & CORPORATE OFFICE

3rd Floor Dawer Chambers, Beside J. K. Tower,  
Ring Road, Surat- 395002, Gujarat  
Tel. No. (0261) 4190200, 2635531/51  
E-mail: info@shahlon.com  
Website: www.shahlon.com

### REGISTRARS AND SHARE TRANSFER AGENTS

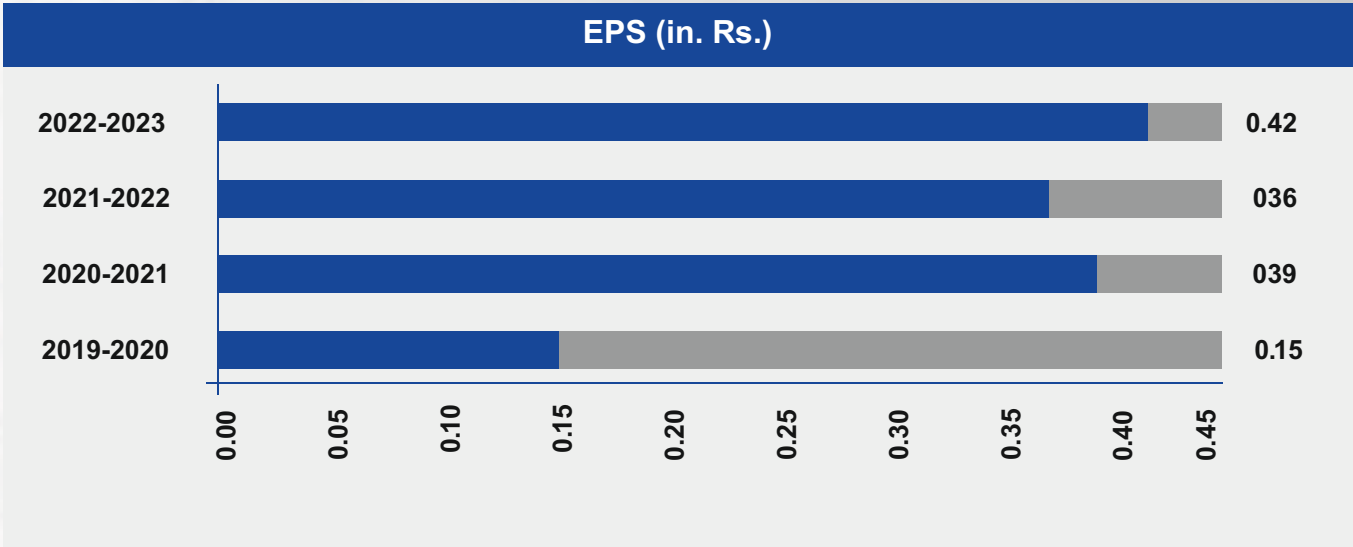
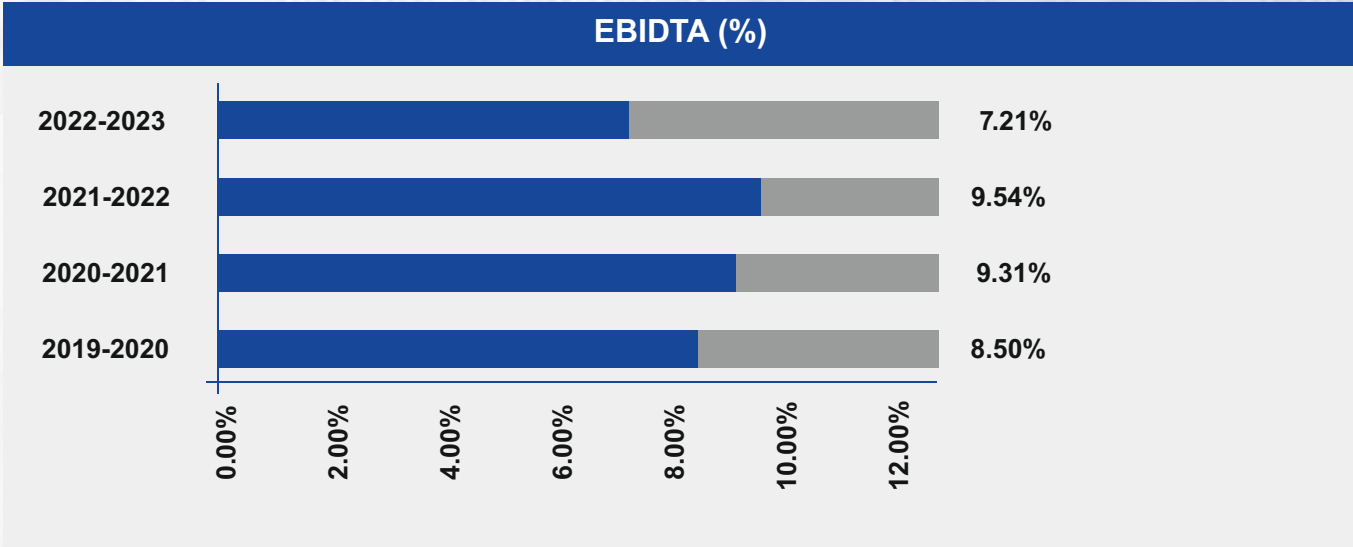
**Bigshare Services Private Limited**  
A/802, Samudra Complex, Near Klassic Gold Hotel,  
Girish Cold Drinks, Off C.G. Road, Navrangpura,  
Ahmedabad - 380009, Gujarat. Tel No.: (079) 40392571  
E-mail: bssahd@bigshareonline.com

### ISIN for NSDL & CDSL

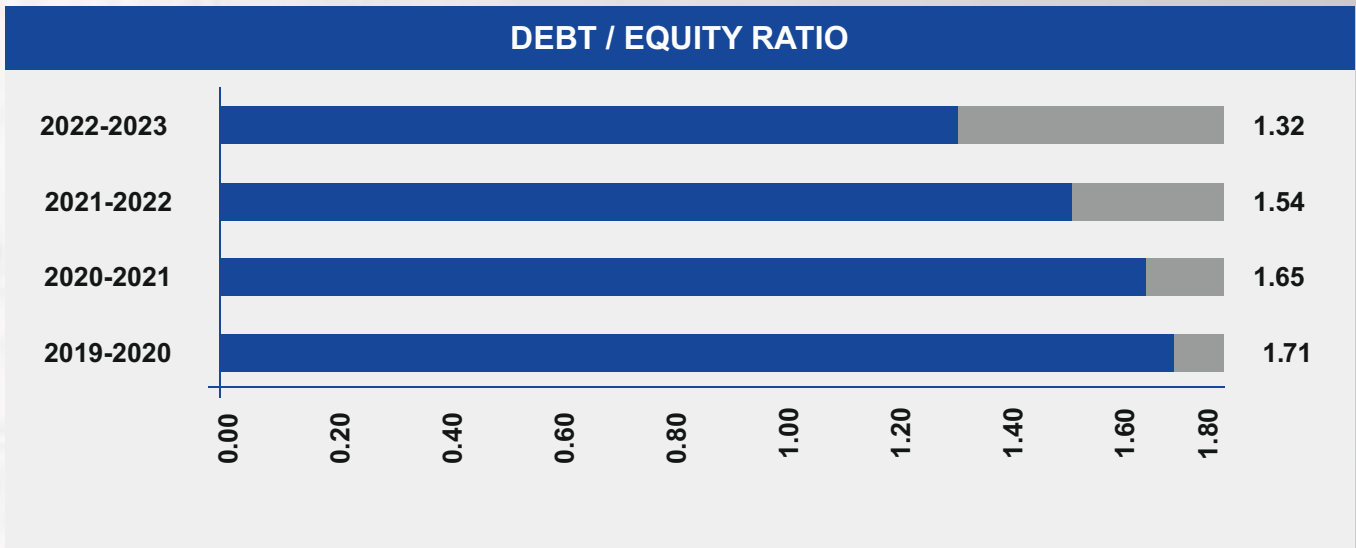
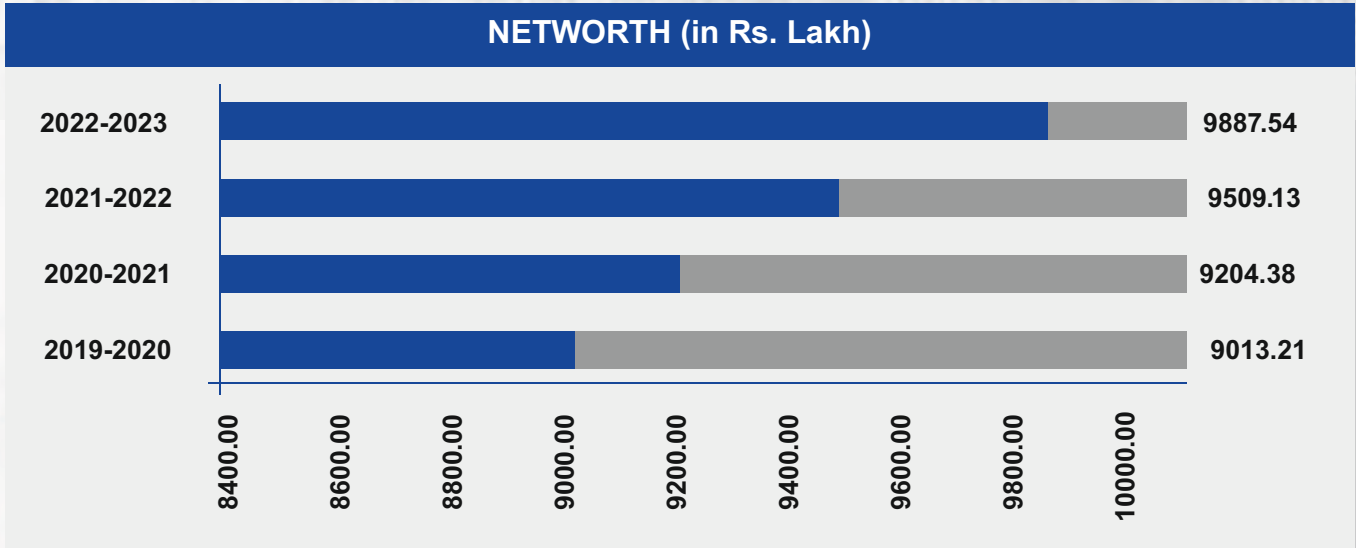
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# FINANCIAL FY - 2022-23



# FINANCIAL FY - 2022-23



## NOTICE

Notice is hereby given that the 15th Annual General Meeting of members of SHAHLON SILK INDUSTRIES LIMITED will be held on **Friday, 29th day of September, 2023, at 11:00 A.M.** through Video Conferencing (VC)/Other Audio Visual Means (OAVM) to transact the following business. The venue of the Meeting shall be deemed to be the Registered Office of the Company situated at 3rd Floor, Dawer Chambers, Beside: J.K. Tower, Ring Road, Khatodara, Surat- 395002:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2023, together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend of Rs.0.06/- per Equity Share for the financial year ended 31st March, 2023.
3. To appoint a Director in place of Shri Arvind R. Shah (DIN 00010483), Director who retires by rotation and being eligible, offers himself for re-appointment.

### **SPECIAL BUSINESS:**

#### **4. TO RATIFY THE REMUNERATION PAYABLE TO COST AUDITORS:**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Cost records and Audit Rules) 2014 and The Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or reenactment(s) thereof for the time being in force), the remuneration payable to M/s. Kannaujiya & Co., Cost Accountants, having Firm Registration No.102990 appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company pertaining to textile product for the financial year ending 31st March, 2024, amounting to Rs.30,000/- (Rupees Thirty Thousand) as also the payment of taxes as applicable and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit, as approved by the Board of Directors, be and is hereby ratified and confirmed."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution including variation in the terms and conditions."

#### **5. CONTINUATION OF THE APPOINTMENT OF SHRI DHIRAJLAL RAICHAND SHAH (DIN:00010480) AS AN EXECUTIVE CHAIRMAN OF THE COMPANY ON ATTAINING AGE OF 70 YEARS:**

To consider and if thought fit, to pass, the following as a **Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel ) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded for the continuation of the employment of Shri Dhirajlal Raichand Shah (DIN:00010480) as an Executive Chairman of the Company on attaining the age of 70 years on 18th February, 2024 for the remaining period of his term of 3 years i.e. until September 30, 2025 on the same terms of appointment and remuneration as approved by the shareholders at the 14th Annual General Meeting of the Company held on 30th September, 2022."

**"RESOLVED FURTHER THAT** any one Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

#### **6. RE-APPOINTMENT OF SHRI RAJENDRA KUNDANLAL DESAI (DIN 00198139) AS AN INDEPENDENT DIRECTOR OF THE COMPANY.**

To consider and if thought fit, to pass, the following as a **Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, read along with Schedule IV to the Companies Act, 2013 ('the Act') [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], the Companies (Appointment and



Qualifications of Directors) Rules, 2014 and Regulation 17 and any other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time, **SHRI RAJENDRA KUNDANLAL DESAI (DIN 00198139)**, who was appointed as an Independent Director of the Company for a term of 5 (five) consecutive years whose terms expiring on September 2, 2023 and who being eligible for re-appointment as an Independent Director has given his consent along with a declaration that he meets the criteria for independence under Section 149(6) of the Act and the rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director and based on the recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, be and is hereby re-appointed as an Independent, Non-Executive Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company commencing from September 3, 2023 upto September 2, 2028 (both days inclusive)."

"RESOLVED FURTHER THAT pursuant to the provisions of Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shri RAJENDRA KUNDANLAL DESAI (DIN 00198139), be continued as an Independent, Non-Executive Director of the Company for the term of 5 years effective from September 3, 2023 to 2nd September, 2028, notwithstanding that on 27th March 2026 he attains the age of 75 years during the aforesaid tenure."

"RESOLVED FURTHER THAT any one Directors of the Company or Company Secretary of the Company be and are hereby authorized severally to complete necessary formalities as per the applicable provisions of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015."

**7. RE-APPOINTMENT OF SMT. RICHA MANOJ GOYAL (DIN 00159889), AS AN INDEPENDENT DIRECTOR OF THE COMPANY.**

To consider and if thought fit, to pass, the following as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, read along with Schedule IV to the Companies Act, 2013 ('the Act') [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 17 and any other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time, **SMT. RICHA MANOJ GOYAL (DIN 00159889)**, who was appointed as an Independent Director of the Company for a term of 5 (five) consecutive years whose terms expiring on September 2, 2023 and who being eligible for re-appointment as an Independent Director has given her consent along with a declaration that she meets the criteria for independence under Section 149(6) of the Act and the rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing her candidature for the office of Director and based on the recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, be and is hereby re-appointed as an Independent, Non-Executive Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company commencing from September 3, 2023 upto September 2, 2028 (both days inclusive)."

"RESOLVED FURTHER THAT any one Directors of the Company or Company Secretary of the Company be and are hereby authorized severally to complete necessary formalities as per the applicable provisions of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015."

**8. RE-APPOINTMENT OF SHRI VAIBHAV JAYANTBHAI MEHTA (DIN 08484567), AS AN INDEPENDENT DIRECTOR OF THE COMPANY.**

To consider and if thought fit, to pass, the following as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, read along with Schedule IV to the

Companies Act, 2013 ('the Act') [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 17 and any other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time, **SHRI VAIBHAV JAYANTBHAI MEHTA (DIN 08484567)**, who was appointed as an Independent Director of the Company for a term of 5 (five) consecutive years whose terms expiring on June 16, 2024 and who being eligible for re-appointment as an Independent Director has given his consent along with a declaration that he meets the criteria for independence under Section 149(6) of the Act and the rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director and based on the recommendation of the Nomination & Remuneration Committee and the Board of

Directors of the Company, be and is hereby re-appointed as an Independent, Non-Executive Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company commencing from June 17, 2024 upto June 16, 2029 (both days inclusive)."

"RESOLVED FURTHER THAT any one Directors of the Company or Company Secretary of the Company be and are hereby authorized severally to complete necessary formalities as per the applicable provisions of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015."

By Order of Board of Directors of  
**Shahlon Silk Industries Limited**

**Place :** Surat

**Date :** 10/08/2023

**Hitesh K. Garmora**  
Company Secretary

## NOTES

1. The Ministry of Corporate Affairs ("MCA") has vide its Circular No. 20/2020 dated 5th May, 2020 read with Circular No. 14/2020 dated 8th April, 2020, Circular No. 17/2020 dated 13th April, 2020, Circular No. 02/2021 dated 13th January, 2021, Circular No. 19/2021 dated 8th December, 2021, Circular No. 02/2022 dated 05th May, 2022 and General Circular No. 10/2022 dated 28th December, 2022 (hereinafter collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 (hereinafter collectively referred to as "SEBI Circulars"), permitted the holding of Annual General Meeting through VC or OAVM without the physical presence of Members at a common venue. In compliance with these Circulars and the relevant provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the 15th Annual General Meeting of the Members of the Company is being held through VC/OAVM. Hence, Members can attend and participate in the AGM through VC/OAVM only. The deemed venue for the Annual General Meeting of the Company shall be the Registered Office of the Company. The detailed procedure for participating in the meeting through VC/OAVM is explained at **Note No. 26** below.

2. Since the AGM will be held through VC/OAVM, the Route Map, Proxy Form and Attendance Slip are not annexed in this Notice.

3. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

4. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.

5. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC. Body Corporates whose Authorised Representatives are intending to attend the

Meeting through VC/OAVM are requested to send to the Company on their email Id [companysecretary@cs.shahlon.com](mailto:companysecretary@cs.shahlon.com), a certified copy of the Board Resolution/authorization letter authorising their representative to attend and vote on their behalf at the Meeting and through E-voting.

6. Relevant documents as required by law and referred to in the accompanying Notice shall be available for inspection electronically by the shareholders during the AGM. The documents referred to in the Notice will also be available for inspection without any fee by the shareholders from the date of circulation of this Notice up to the date of AGM. Shareholders seeking to inspect such documents can send an email to [info@shahlon.com](mailto:info@shahlon.com).

7. In compliance with the MCA Circulars and the SEBI Circulars, Notice of the AGM along with the Annual Report for Financial Year 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company, Bigshare Services Private Limited (RTA), National Securities Depository Limited and Central Depository Services (India) Limited. The Notice of the AGM along with the Annual Report for Financial Year ended 2022-23 has been uploaded on the website of the Company at [www.shahlon.com](http://www.shahlon.com). The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).

8. The Explanatory statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts relating to Special Business to be transacted at the Annual General Meeting ("AGM") is annexed hereto.

9. In terms of the provisions of Section 152 of the Act, Shri Arvind R. Shah (DIN 00010483), Director, retires by rotation at the AGM and being eligible for appointment, the Board of Directors of the Company have recommend for his re-appointment to the shareholders for their approval. Shri Arvind R. Shah is interested in the Item No. 3 of the Notice with regard to his re-appointment. Shri Nitin R. Shah, Whole-time Director and Shri Dhirajlal R. Shah, Director, being related to Shri Arvind R. Shah, may be deemed to be interested in the Item No. 3 of the Notice. The other relatives of Shri Arvind R. Shah, Shri Nitin R. Shah and

Shri Dhirajlal R. Shah, may also be deemed to be interested in the Item No. 3 of the Notice, to the extent of their shareholding, if any, in the Company. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Business set out under Item Nos. 1, 2 and 3 of the Notice.

10. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, of the Directors retiring by rotation/ seeking re-appointment as Director at the AGM, are also annexed.

11. Pursuant to the provisions of section 91 of the Companies Act, 2013 and Regulation 42 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the register of members and share transfer books of the Company shall remain closed from **Saturday, 16th September, 2023 to Friday, 29th September, 2023 (both days inclusive)** for the purpose of payment of Dividend for financial year ended 31st March, 2023 and the 15th AGM of the Company. The Record date for determining the name of the members eligible for Dividend on Equity share, if declared at this meeting, is **Friday, 15th September, 2023**.

12. Dividend on equity shares, if declared at the annual general meeting, will be credited/dispatched on or after **Friday, 29th September, 2023** as under:

a. to all those beneficial owners holding shares in electronic form, as per the beneficial ownership data made available to the Company by National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as of the close of business hours on Friday, 15th September, 2023; and

b. to all those shareholders holding shares in physical form whose names stand on the Register of Members as on Friday, 15th September, 2023.

13. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. 1st April, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to

the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/RTA (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by uploading the same with the Company's RTA at <https://www.bigshareonline.com/dividendTDS.aspx> or email to the RTA's Registered Email address at investor.ahm@bigshareonline.com by 11:59 p.m. IST on **Friday, 15th September, 2023**. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by uploading the same with the Company's RTA at <https://www.bigshareonline.com/dividendTDS.aspx> or sending an email to the RTA's Registered Email address at investor.ahm@bigshareonline.com. The aforesaid declarations and documents need to be submitted by the shareholders by 11:59 p.m. IST on **15th September, 2023** in order to enable the Company to determine and deduct appropriate TDS/withholding tax rate.

No communication on the tax determination/ deduction shall be entertained post **15th September, 2023**. It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from the shareholder, there would still be an option available with the shareholder to file the return of income and claim an appropriate refund, if eligible.

14. In view of the circular issued by SEBI, the Electronic Clearing Services ("ECS/NECS") facility should mandatorily be used by the companies for the distribution of dividend to its Members. In order **to avail the facility of ECS/NECS, Members holding shares in physical form are requested to provide bank account details to the Company or its RTA.**

Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.

15. In terms of the Listing Regulations, transfer, transmission and transposition of securities of listed companies held in physical form shall be effected only in demat mode. Further, SEBI, has also mandated that listed companies shall, while processing investor service requests pertaining to issue of duplicate share certificate, claim from Unclaimed Suspense Account, renewal / exchange of share certificate, endorsement, sub-division / splitting / consolidation of share certificates, transmission, transposition etc. issue securities only in demat mode. In view of this as also to eliminate all risks associated with physical shares and to get inherent benefits of dematerialization, shareholders holding shares in physical form are advised to avail of the facility of dematerialization.

16. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code etc. to their Depository Participants in case the shares are held by them in electronic form and to the Company's Registrars and Transfer Agents, Bigshare Services Private Limited in case the shares are held by them in physical form.

17. SEBI has mandated the submission of PAN, KYC details and nomination by holders of physical securities by October 1, 2023, and linking PAN with Aadhaar by June 30, 2023 vide its circular dated March 16, 2023. Shareholders are requested to submit their PAN, KYC and nomination details by submitting the prescribed forms duly filled and signed by the registered holders, by e-mail from their registered e-mail address to [bssahd@bigshareonline.com](mailto:bssahd@bigshareonline.com) or by submitting a physical copy thereof to the RTA, Bigshare Services Private Limited. "Unit - Shahlon Silk Industries Ltd.". The forms for updating the same are available at

[http://www.shahlon.com/Common-Simplified\\_Norms.php](http://www.shahlon.com/Common-Simplified_Norms.php).

Members holding shares in electronic form are, therefore, requested to submit their PAN to their DP.

In case a holder of physical securities fails to furnish PAN and KYC details before October 1, 2023 or link their PAN with Aadhaar before June 30, 2023, in accordance with the SEBI circular dated March 16, 2023, RTA is obligated to freeze such folios. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on December 31, 2025, the RTA / the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and / or the Prevention of Money Laundering Act, 2002.

18. Shareholders holding shares in dematerialised mode are requested to register / update their PAN, Nomination Details, Contact details (Address with PIN, Mobile number and Email address), Bank account details (bank name, branch name, account number and IFSC code) and Specimen signature with the relevant Depository Participant

19. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2014-15, from time to time, to the Investor Education and Protection Fund (IEPF) established by the Central Government.

The Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on March 31, 2022 on the website of the Company. The said details have also been uploaded on the website of the IEPF Authority i.e. [www.iepf.gov.in](http://www.iepf.gov.in).

Please note that Members who have yet not en-cashed their dividend warrant(s) pertaining to dividend declared for the financial year 2015-16 and onwards are requested to lodge their unpaid dividend claims along with claimant's Proof of Identity, Cancelled Cheque and address immediately with the Company before transfer of said dividend amount to the IEPF.

Due dates for transfer of unclaimed/unpaid dividends to IEPF for the financial year 2015-16 and thereafter:

Financial Year	Date of Declaration of Dividend	Dividend Payment	Due Date for transfer to IEPF
2015-2016	30/09/2016	12.5%	06/11/2023
2016-2017	29/09/2017	12.5%	05/11/2024
2017-2018	29/09/2018	12.5%	05/11/2025
2018-2019	30/09/2019	5.00%	06/11/2026
2019-2020	26/12/2020	2.50%	01/02/2028
2020-2021	30/09/2021	2.50%	06/11/2028
2021-2022	30/09/2022	2.50%	06/11/2029

- 20 a) Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, during financial year 2022-23, transferred to the IEPF Authority all shares in respect of which dividend had remained unpaid or unclaimed for seven consecutive years or more as on the due date of transfer. Details of shares transferred to the IEPF Authority are available on the website of the Company. The said details have also been uploaded on the website of the IEPF Authority i.e. [www.iepf.gov.in](http://www.iepf.gov.in).
- b) The Company has now communicated individually the concerned shareholders whose shares are liable to be transferred to IEPF Authority during the financial year 2023-24 at their latest available address with the Company and simultaneously published a notice in the English newspaper the Financial Express and in Gujarati newspaper Gujarat Guardian dated 07/08/2023, for taking appropriate action. The Statement of details of such Shareholders and Shares due for transfer to IEPF Authority during the financial year 2023-24 and the Statement of Unclaimed Dividend amount for 7 consecutive years is placed on the website of the Company.**
- c) Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from IEPF Authority. Concerned members/investors are advised to visit the web link: <https://www.iepf.gov.in/IEPF/refund.html> or Bigshare Services Private Limited, the Registrar and Share Transfer Agent of the Company for lodging claim for refund of shares and / or dividend from the IEPF Authority. Please quote on all such correspondence - "Unit - Shahlon Silk Industries Ltd." **For Shareholders queries - Telephone No. +91-79-40392571, Email : [bssahd@bigshareonline.com](mailto:bssahd@bigshareonline.com)**
21. Members seeking any information concerning the accounts and operations are requested to send their queries to the company at least 10 days before the date of the meeting, so that information required can be made available at the meeting.
22. Non-resident Indian shareholders are requested to inform about the following immediately to the Company or its RTA or the concerned Depository Participant, as the case may be:
- change in the residential status on return to India for permanent settlement.
  - particulars of the NRE account with a Bank in India, if not furnished earlier.
23. The Board of Directors has appointed Shri Bhairav H. Shukla, Practicing Company Secretary (Membership No. FCS 6212) as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
24. The Scrutinizer, after the conclusion of e-voting at the AGM, will scrutinize the votes cast at the AGM and votes cast through remote e-voting and make a consolidated Scrutinizer's Report and submit the same to the Chairman. The result of e-voting will be declared within two working days of the conclusion of the AGM and the same, along with the consolidated Scrutinizer's Report, will be placed on the website of the Company at [www.shahlon.com](http://www.shahlon.com) and on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com). The result along with the consolidated Scrutinizer's Report will simultaneously be communicated to the Stock Exchange.
25. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the AGM i.e. Friday, 29th September, 2023.

**26. THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING JOINING ANNUAL GENERAL MEETING THROUGH VC/OAVM ARE AS UNDER:**

- I. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), MCA Circulars and SEBI Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
- II. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- III. The voting period begins on **26th September, 2023 (9.00 a.m.)** and ends on **28th September, 2023 (5.00 p.m.)**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **22nd September, 2023** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- IV. The members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC/OAVM but shall not be entitled to cast their vote again.

- V. Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

**Step1 Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.**

- (I) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL Depository</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi / Easiest are requested to visit <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi Tab.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at cdsi website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with <b>NSDL Depository</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ol>



Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (DP)</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Shareholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL / NSDL.**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33.
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

**Step 2 Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.**

(ii) Login method for e-Voting and attending AGM through VC for **Physical shareholders and shareholders other than individual shareholders holding in Demat form.**

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,

- b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first time user follow the steps given below:

	<b>For Physical Shareholders and other than individual Shareholders holding shares in Demat</b>
<b>PAN</b>	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
<b>Dividend Bank Details OR Date of Birth (DOB)</b>	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

(iii) After entering these details appropriately, click on "SUBMIT" tab.

(iv) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(v) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(vi) Click on the EVSN for the relevant <**SHAHLON SILK INDUSTRIES LIMITED**> on which you choose to vote.

(vii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(viii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(ix) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish

to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(x) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xiii) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.

**(xiv) Additional Facility for Non - Individual Shareholders and Custodians - For Remote Voting only.**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
  - It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [companysecretary@cs.shahlon.com](mailto:companysecretary@cs.shahlon.com) (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
  7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at **companysecretary@cs.shahlon.com**. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at **companysecretary@cs.shahlon.com**. These queries will be replied to by the company suitably by email.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.**

- 1) For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to **bssahd@bigshareonline.com**.
- 2) For Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on toll free no. 1800 22 55 33.

- VI. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holds shares as of the cut-off date i.e. **22nd September, 2023**, may obtain the login ID and password by sending a request to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). However, if person is already registered with CDSL for e voting then existing User ID and password can be used for casting vote.

By Order of Board of Directors of  
**Shahlon Silk Industries Limited**

**Place :** Surat

**Date :** 10.08.2023

**Hitesh K. Garmora**  
Company Secretary

## ANNEXURE TO THE NOTICE

***Information about Director/s seeking Re-appointment at the Annual General Meeting in pursuance of Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) AND***

***EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:***

### **ITEM NO. 3 OF THE NOTICE**

As regards re-appointment of Shri Arvind R. Shah referred to in Item No. 3 of the notice, following necessary disclosures are made for the information of the shareholders:

#### **A brief resume of the director AND nature of expertise in specific functional areas;**

Shri Arvind R. Shah, aged 64 years, a science graduate looks after marketing function in the organization. He manages team of experienced marketing managers who are generally textile engineers.

Further information about Shri Arvind R. Shah mentioned under schedule attached herewith.

### **ITEM NO. 4 OF THE NOTICE**

The Board of Directors, on the recommendation of the Audit Committee has approved the appointment and remuneration of an amount not exceeding Rs.30,000 (Rupees Thirty thousand only) plus taxes as applicable and reimbursement of out-of-pocket expenses payable to the Cost Auditors M/s Kannaujiya & Co., Cost Accountants, having Firm Registration No.102990, to conduct the audit of the cost records of the Company for the financial year ending on 31st March, 2024.

In accordance with the provisions of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors), Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors of the Company is required to be ratified by the members of the Company.

Accordingly, consent of the members is sought by way of an Ordinary Resolution as set out at item No.4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2024.

None of the Directors or Key Managerial Personnel of the Company or their relatives is in any way concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the resolution for approval by the members.

### **ITEM NO. 5 OF THE NOTICE**

Shri Dhirajlal Raichand Shah was appointed as an Executive Chairman of the company by the shareholders at the 14th Annual General Meeting held on 30th September, 2022, liable to retire by rotation, for a period of 3 years from October 1, 2022 till September 30, 2025. He will attain the age of 70 years on 18th February, 2024.

As a matter of abundant caution, it is proposed to obtain approval of the shareholders as per the provisions of Section 196(3) of Companies Act, 2013 for continuation of his employment as an Executive Chairman, on the same terms of appointment and remuneration as approved by members earlier in September, 2022. Hence a Special Resolution is proposed at Item No. 5 of the Notice.

Shri Dhirajlal Raichand Shah is one of the founder Promoter of the company. He is actively involved in the finance, administration and overall managerial decision making of the Company. He has rich and varied experience of around 40 years. The Directors are of the views that continuation of Shri Dhirajlal R. Shah as Executive Chairman will be beneficial for the smooth operations of the company.

None of the Directors or Key Managerial Personnel of the Company except Shri Dhirajlal R. Shah himself and Shri Nitin R. Shah and Shri Arvind R. Shah, Directors of the Company and their relatives are deemed to be concerned and interested financially or otherwise in the said resolution.

As regards continuation of the appointment of Shri Dhirajlal R. Shah, following necessary disclosures are made for the information of the shareholders:

#### **A brief resume of the director AND nature of expertise in specific functional areas;**

Mr. Dhirajlal R. Shah aged 69 years, has done his Graduation in Commerce and has been in Textile Business since 1984. He looks after finance and overall administration of the organization. He is associated with

various business associations and has successfully represented various issues of the textile industry before government and other authorities from time to time. He has received “Outstanding Businessman” award from The South Gujarat Chamber of Commerce and Industry for the year 2014. He is associated as trustee with South Gujarat Rural Development Trust which has completed various rural developments in Mangrol Taluka, Dist. Surat. He has involvement with various business associations & government departments:

- Immediate Past Chairman of Synthetic Rayon & Textiles Export Promotion Council
- Chairman of Technology Upgradation and modernization committee of South Gujarat Chamber of Commerce and Industry.
- Member Regional Advisory committee of excise.
- Past president of South Gujarat Texturisers Welfare Association, Surat
- Past member of textile working group of Gujarat State government.
- Chairman of Fairdeal Textile Park, a modern Weaving Park at Village: Mahuvej, Taluka: Mangrol, Dist.: Surat.

Further information about Shri Dhirajlal R. Shah mentioned under schedule attached herewith.

#### **ITEM NO. 6 OF THE NOTICE**

The Board of Directors of the Company, at its meeting held on September 3, 2018, appointed Shri Rajendra Kundanlal Desai (DIN 00198139), as an Additional Director (Independent) of the Company pursuant to the provisions Section 161 and all other applicable provisions, if any of the Companies Act, 2013 (“Act”) to hold office upto ensuing Annual General Meeting. Thereafter, his appointment was regularised and appointed as an Independent Director of the Company for a term of 5 (five) consecutive years at the 10th Annual General Meeting held on 29th September, 2018. His first term as an independent director of the company shall expire on September 2, 2023.

Your directors at its meeting held on August 10, 2023 has, subject to approval of shareholders, re-appointed Shri Rajendra Kundanlal Desai (DIN 00198139) as an Independent Director of the Company for a second term of 5 (five) years effective September 3, 2023, to September 2,

2028, (both days inclusive), on terms and conditions as mentioned in draft appointment letter approved by the Nomination and Remuneration Committee and the Board.

Based on the performance evaluation of the Independent Directors and as per the recommendations of the Nomination and Remuneration Committee (NRC), given his background, experience and contribution, the Board is of the opinion that Shri Rajendra Kundanlal Desai’s association would be of immense benefit to the Company and it is therefore desirable to reappoint him as an independent director.

Based on the recommendation of the NRC, the Board, recommended

- i). the reappointment of Shri Rajendra Kundanlal Desai as an independent director, not liable to retire by rotation, for a second term of 5 (five) years effective September 3, 2023, to September 2, 2028 (both days inclusive)
- ii). continuation of appointment of Shri Rajendra Kundanlal Desai notwithstanding that on 27th March 2026 he attains the age of 75 years during the aforesaid tenure pursuant to the provisions of Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and other applicable provisions if any.

As per Section 149 of the Act, an independent director may hold office for two terms up to 5 (five) consecutive years each.

Shri Rajendra Kundanlal Desai fulfills the requirements of an independent director as laid down under Section 149(6) of the Act, and Regulation 16(1)(b) of the LODR Regulations.

The Company has received notice in writing pursuant to Section 160 of the Act, from a member proposing the reappointment of Shri Rajendra Kundanlal Desai for the office of independent director under the provisions of Section 149 of the Act. The Company has received all statutory disclosures / declarations from Shri Rajendra Kundanlal Desai, including

- i). Consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014,
- ii). Intimation in Form DIR-8 in terms of Rule 14 of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act, and

iii). A declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

In terms of Regulation 25(8) of the Listing Regulations, Shri Rajendra Kundanlal Desai has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties. Shri Rajendra Kundanlal Desai has also confirmed that he is not debarred from holding the office of a Director by virtue of any SEBI Orders or any such Authority pursuant to circular dated June 20, 2018, issued by BSE Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by listed companies.

In the opinion of the Board and based on its evaluation, Shri Rajendra Kundanlal Desai fulfils the conditions specified in the Act, and Rules made thereunder and SEBI LODR Regulations for his reappointment as an independent director of the Company and he is independent of the Management of the Company.

A copy of the draft letter for the reappointment of Shri Rajendra Kundanlal Desai as an Independent Director setting out the terms and conditions is available for electronic inspection by the members during normal business hours on working days up to Friday, September 29, 2023.

The Board considers that the continued association of Shri Rajendra Kundanlal Desai would be of immense benefit to the Company and is desirable to continue to avail his services as an independent director. The resolution seeks the approval of members for the reappointment of Shri Rajendra Kundanlal Desai as an independent director of the Company, for a second term of 5 (five) years effective September 3, 2023, to September 2, 2028, (both days inclusive) and his office shall not be liable to retire by rotation, notwithstanding that on 27th March 2026 he attains the age of 75 years during the aforesaid tenure, pursuant to Sections 149, 150 and 152 and other applicable provisions of the Act and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof) and pursuant to the provisions of Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further information about Shri Rajendra K. Desai mentioned under schedule attached herewith.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Shri Rajendra Kundanlal Desai, himself is in any way concerned or interested, financially or otherwise, in the resolution set out at Sr. No.6 of this Notice.

Accordingly, the Board recommends the resolutions set out at Sr. No. 6 of this Notice for the approval of the Members as a **special resolution**.

#### **ITEM NO. 7 OF THE NOTICE**

The Board of Directors of the Company, at its meeting held on September 3, 2018, appointed Smt. Richa Manoj Goyal (DIN 00159889), as an Additional Director (Independent) of the Company pursuant to the provisions Section 161 and all other applicable provisions, if any of the Companies Act, 2013("Act") to hold office upto ensuing Annual General Meeting. Thereafter, her appointment was regularised and appointed as an Independent Director of the Company for a term of 5 (five) consecutive years at the 10th Annual General Meeting held on 29th September, 2018. Her first term as an independent director of the company shall expire on September 2, 2023.

Your directors at its meeting held on August 10, 2023 has, subject to approval of shareholders, re-appointed Smt. Richa Manoj Goyal (DIN 00159889) as an Independent Director of the Company for a second term of 5 (five) years effective September 3, 2023, to September 2, 2028, (both days inclusive), on terms and conditions as mentioned in draft appointment letter approved by the Nomination and Remuneration Committee and the Board.

Based on the performance evaluation of the Independent Directors and as per the recommendations of the Nomination and Remuneration Committee (NRC), given her background, experience and contribution, the Board is of the opinion that Smt. Richa Manoj Goyal's association would be of immense benefit to the Company and it is therefore desirable to reappoint her as an independent director.

Based on the recommendation of the NRC, the Board, recommended the reappointment of Smt. Richa Manoj Goyal as an independent director, not liable to retire by rotation, for a second term of 5 (five) years effective September 3, 2023, to September 2, 2028 (both days inclusive).

As per Section 149 of the Act, an independent director may hold office for two terms up to 5 (five) consecutive years each.

Smt. Richa Manoj Goyal fulfills the requirements of an independent director as laid down under Section 149(6) of the Act, and Regulation 16(1)(b) of the LODR Regulations.

The Company has received notice in writing pursuant to Section 160 of the Act, from a member proposing the reappointment of Smt. Richa Manoj Goyal for the office of independent director under the provisions of Section 149 of the Act. The Company has received all statutory disclosures / declarations from Smt. Richa Manoj Goyal, including

- i). Consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014,
- ii). Intimation in Form DIR-8 in terms of Rule 14 of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under sub-section (2) of Section 164 of the Act, and
- iii). A declaration to the effect that she meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

In terms of Regulation 25(8) of the Listing Regulations, Smt. Richa Manoj Goyal has confirmed that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact her ability to discharge her duties. Smt. Richa Manoj Goyal has also confirmed that she is not debarred from holding the office of a Director by virtue of any SEBI Orders or any such Authority pursuant to circular dated June 20, 2018, issued by BSE Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by listed companies.

In the opinion of the Board and based on its evaluation, Smt. Richa Manoj Goyal fulfils the conditions specified in the Act, and Rules made thereunder and SEBI LODR Regulations for her reappointment as an independent director of the Company and she is independent of the Management of the Company.

A copy of the draft letter for the reappointment of Smt. Richa Manoj Goyal as an Independent Director setting out the terms and conditions is available for electronic inspection by the members during normal business hours on working days up to Friday, September 29, 2023.

The Board considers that the continued association of Smt. Richa Manoj Goyal would be of immense benefit to the Company and is desirable to continue to avail her services as an independent director. The resolution seeks the approval of members for the reappointment of Smt. Richa Manoj Goyal as an independent director of the Company, for a second term of 5 (five) years effective September 3, 2023, to September 2, 2028, (both days inclusive) pursuant to Sections 149, 152 and other applicable provisions of the Act and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof) and her office shall not be liable to retire by rotation.

Further information about Smt. Richa M. Goyal mentioned under schedule attached herewith.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Smt. Richa Manoj Goyal, herself is in any way concerned or interested, financially or otherwise, in the resolution set out at Sr. No.7 of this Notice.

Accordingly, the Board recommends the resolutions set out at Sr. No. 7 of this Notice for the approval of the Members as a **special resolution**.

#### **ITEM NO. 8 OF THE NOTICE**

The Board of Directors of the Company, at its meeting held on June 17, 2019, appointed Shri Vaibhav Jayantbhai Mehta (DIN: 08484567), as an Additional Director (Independent) of the Company pursuant to the provisions Section 161 and all other applicable provisions, if any of the Companies Act, 2013("Act") to hold office upto ensuing Annual General Meeting. Thereafter, he was regularised and appointed as an Independent Director of the Company for a term of 5 (five) consecutive years at the 11th Annual General Meeting held on 30th September, 2019. His first term as an independent director of the company shall expire on June 16, 2024.

Your directors at its meeting held on August 10, 2023 has, subject to approval of shareholders, re-appointed Shri Vaibhav Jayantbhai Mehta (DIN: 08484567) as an Independent Director of the Company for a second term of 5 (five) years effective June 17, 2024, to June 16, 2029, (both days inclusive), on terms and conditions as mentioned in draft appointment letter approved by the Nomination and Remuneration Committee and the Board.

Based on the performance evaluation of the Independent Directors and as per the recommendations of the



Nomination and Remuneration Committee(NRC), given his background, experience and contribution, the Board is of the opinion that Shri Vaibhav Jayantbhai Mehta's association would be of immense benefit to the Company and it is therefore desirable to reappoint him as an independent director.

Based on the recommendation of the NRC, the Board, recommended the reappointment of Shri Vaibhav Jayantbhai Mehta as an independent director, not liable to retire by rotation, for a second term of 5 (five) years effective June 17, 2024, to June 16, 2029 (both days inclusive).

As per Section 149 of the Act, an independent director may hold office for two terms up to 5 (five) consecutive years each.

Shri Vaibhav Jayantbhai Mehta fulfills the requirements of an independent director as laid down under Section 149(6) of the Act, and Regulation 16(1)(b) of the LODR Regulations.

The Company has received notice in writing pursuant to Section 160 of the Act, from a member proposing the reappointment of Shri Vaibhav Jayantbhai Mehta for the office of independent director under the provisions of Section 149 of the Act. The Company has received all statutory disclosures / declarations from Shri Vaibhav Jayantbhai Mehta, including

- i). Consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014,
- ii). Intimation in Form DIR-8 in terms of Rule 14 of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act, and
- iii). A declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

In terms of Regulation 25(8) of the Listing Regulations, Shri Vaibhav Jayantbhai Mehta has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or

impact his ability to discharge his duties. Shri Vaibhav Jayantbhai Mehta has also confirmed that he is not debarred from holding the office of a Director by virtue of any SEBI Orders or any such Authority pursuant to circular dated June 20, 2018, issued by BSE Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by listed companies.

In the opinion of the Board and based on its evaluation, Shri Vaibhav Jayantbhai Mehta fulfils the conditions specified in the Act, and Rules made thereunder and SEBI LODR Regulations for his reappointment as an independent director of the Company and he is independent of the Management of the Company.

A copy of the draft letter for the reappointment of Shri Vaibhav Jayantbhai Mehta as an Independent Director setting out the terms and conditions is available for electronic inspection by the members during normal business hours on working days up to Friday, September 29, 2023.

The Board considers that the continued association of Shri Vaibhav Jayantbhai Mehta would be of immense benefit to the Company and is desirable to continue to avail his services as an independent director. The resolution seeks the approval of members for the reappointment of Shri Vaibhav Jayantbhai Mehta as an independent director of the Company, for a second term of 5 (five) years effective June 17, 2024, to June 16, 2029, (both days inclusive) pursuant to Sections 149, 152 and other applicable provisions of the Act and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof) and his office shall not be liable to retire by rotation.

Further information about Shri Vaibhav J. Mehta mentioned under schedule attached herewith.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Shri Vaibhav Jayantbhai Mehta, himself is in any way concerned or interested, financially or otherwise, in the resolution set out at Sr. No.8 of this Notice.

Accordingly, the Board recommends the resolutions set out at Sr. No. 8 of this Notice for the approval of the Members as a **special resolution**.

**ADDITIONAL DISCLOSURES FOR ITEM NO.3, 5, 6, 7 & 8 OF THE NOTICE**

Statement as required under Section II of Part II of Schedule V to the Companies Act, 2013:

**I. General Information:**

1.	Nature of Industry:	The Company is engaged in manufacturing and trading of synthetic textile yarn and fabrics, both for domestic and international markets.		
2.	Date or expected date of Commencement of commercial production	The company is already engaged in the business since its incorporation i.e. April, 2008		
3.	In case of new companies, expected date of commencement of activities	Not Applicable		
4.	Financial performance based on given indicators	<b>Particulars</b>	<b>(Rs. In Lacs)</b>	
			<b>FY 2022-23</b>	<b>FY 2021-22</b>
		Paid up Capital	1786.05	1786.05
		Reserves & Surplus	8101.49	7723.08
		Income from operations	30896.76	31338.21
		EBIDTA	2841.03	2988.59
		Profit before Tax	515.37	575.58
		Profit after Tax	377.77	317.73
	Effective Capital	13500.63	15020.23	
5.	Foreign investments, if any	<b>Particulars</b>	<b>FY 2022-23</b>	<b>FY 2021-22</b>
			<b>(No. of shares of Rs.2/- each)</b>	<b>(No. of shares of Rs.2/- each)</b>
		Foreign Institutional Investors	-	454814
		Non Resident Indians	2474145	2484081
		Foreign Nationals	3247500	2197500

**II. Information about the appointee**
**A. Shri Dhirajlal Raichand Shah**
**(1) Background details**

Mr. Dhirajlal R. Shah is a commerce graduate aged about 69 years is having rich experience of more than 40 years in textile business. Shri Dhirajlal Raichand Shah is one of the founder Promoter of the company. He is actively involved in the finance, administration and overall managerial decision making of the Company. He has rich and varied experience of around 40 years. He is associated with various business associations and has successfully represented various issues of the textile industry before government and other

authorities from time to time.

**(2) Past remuneration**

Rs. 4,50,000/- p.m. for the 3 years tenure started from 01.10.2019 to till 30.09.2022.

**(3) Recognition or awards**

He has been awarded "Outstanding Business person" for the year 2013-14 by Southern Gujarat Chamber of Commerce and Industry, Surat.

**(4) Job Profile and his suitability**

The Executive Chairman shall be responsible for the management of the whole of the affairs of the company and to do all acts and

things, which in the ordinary course of business, he considers necessary or proper in the interest of the company. Considering the above and having regard to age, qualifications, ability and experience and looking to the business requirement, his continuation of the appointment as an Executive Chairman is in the interest of the company.

**(5) Remuneration Proposed**

The Board of Directors of the company at their meeting held on 12th August, 2022, on the basis of recommendation of the Nomination and Remuneration Committee has proposed remuneration of Rs. 4,50,000 per month w.e.f. 01.10.2022 for a period of three years i.e. till 30.09.2025, subject to the approval of the Members. The Members had approved the same at their meeting held on 30th September, 2022. The said remuneration will be continue till the completion of his term.

**(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person**

Compared to the remuneration with respect to industry, size of the company and profile of the position and person, the Directors are of the view that the remuneration proposed is commensurate with his experience and ability.

**(7) Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel if any.**

The Company has paid remuneration to him and paid interest on unsecured loan as disclosed in Note no. 26 to the Financial Statements. Except this, the company has no other transactions or pecuniary relationship

with Shri Dhirajlal R. Shah. He is a brother of Shri Nitin R. Shah and Shri Arvind R. Shah, Directors of the Company.

**III. Other information**

**(1) Reasons for loss or inadequate profits**

The company being in the competitive and lesser margin segment of textile industry. Profitability also remains susceptible to inherent commodity price fluctuation incidental risk associated in business.

**(2) Steps taken or proposed to be taken for improvement**

The company proposes to improve its productivity and profitability through higher capacity utilization, better utilization of available resources and diversifying the product basket with higher margins. The company proposes to add capacities in certain high value adding product categories and further proposes cost reduction initiatives in all in all its manufacturing processes wherever possible without compromising with quality of products / operating standards.

**(3) Expected increase in productivity and profits in measurable terms**

The Company has projected increase in its turnover from Rs.308.97 Crore for the financial year 2022-23 to Rs. 368.79 Crore for financial year 2023-24.

Your Directors expect to achieve net profit after tax of Rs. 4.94 Crore for financial year 2023-24 as compared to net profit of Rs.3.78 Crore for financial year 2022-23. Estimated profit after tax is on higher side on account of expecting to achieve improved manufacturing capacity utilization. We propose to focus more on sale of higher contribution generating products and expect to achieve higher volume in those product categories due to which profitability of the company will improve.

## ANNEXURE

Name of Director	Shri Arvind Raichand Shah	Shri Dhirajlal Raichand Shah
<b>DIN</b>	00010483	00010480
<b>Date of Birth</b>	July 28, 1958	February 18, 1954
<b>Date of Appointment</b>	September 03, 2018	September 03, 2018
<b>Qualification</b>	Science Graduate	Commerce Graduate
<b>Shareholding in the Company as on June 30, 2023</b>	37,49,150 (4.20%) Equity shares of Rs.2/-each	56,14,900 (6.29%) Equity shares of Rs.2/-each
<b>Directorship held in other listed companies</b>	NIL	NIL
<b>List of Listed Entity from which he has resigned as a Director in the past three years</b>	NIL	NIL
<b>Membership of Committees of board held in other listed companies</b>	NIL	NIL
<b>Disclosure of Relationships between Directors inter-se</b>	Brother of Shri Dhirajlal R. Shah and Nitin R. Shah, Directors of the Company	Brother of Shri Nitin R. Shah and Arvind R. Shah, Directors of the Company
<b>Number of Meetings of Board attended during the financial year 2022-2023</b>	Attended Four (4) Board Meetings out of Four (4) Board Meetings held during the year.	Attended Four (4) Board Meetings out of Four (4) Board Meetings held during the year.

<b>Name of Director</b>	<b>SHRI RAJENDRA KUNDANLAL DESAI</b>	<b>SMT. RICHA MANOJ GOYAL</b>	<b>SHRI VAIBHAV JAYANTBHAI MEHTA</b>
<b>DIN</b>	00198139	00159889	08484567
<b>Date of Birth</b>	27/03/1951	08/01/1975	20/08/1976
<b>Age</b>	72	48	46
<b>Date of Appointment on current position</b>	Appointed as an Additional Independent Director on September 03, 2018. His appointment was regularized on 29.09.2018.	Appointed as an Additional Independent Director on September 03, 2018. Her appointment was regularized on 29.09.2018.	Appointed as an Additional Independent Director on June 17, 2019. His appointment was regularized on 30.09.2019.
<b>Nationality</b>	Indian	Indian	Indian
<b>Qualification</b>	Commerce Graduate and FCA	Law Graduate and FCS	Textile Technology Engineer
<b>Expertise in specific functional areas</b>	More than 31 years of experience as practicing Chartered Accountants and expertise in the field of project finance, audit, accounts and taxation.	More than 20 years of experience as practicing Company Secretaries and she has rich experience in the area of corporate laws and trademarks and copyrights and Goods and service tax	Rich Experience of 25 years in Textile Industry. He possesses sound technical knowledge in the area of weaving yarn sourcing and fabric developments.
<b>Shareholding in the Company as on June 30, 2023</b>	7,335 (0.0082%) Equity shares of Rs.2/-each	NIL	NIL
<b>Directorships held in other Listed companies</b>	K.P. Energy Limited	1.Ami Organics Ltd. 2.Bikaji Foods International Ltd.	NIL

<b>Membership/ Chairmanship of Committees of other Public companies Listed or not (includes only Audit Committee and Stakeholders Relationship Committee)</b>	NIL	1. Ami Organics Ltd. a. Audit Committee b. Stakeholders Relationship Committee* 2. Bikaji Foods International Ltd. a. Audit Committee b. Stakeholders Relationship Committee* 3. Waaree Energies Ltd. - Audit Committee 4. Steamhouse India Ltd. - Audit Committee * Chairperson	NIL
<b>Disclosure of Relationships between Director inter-se</b>	NIL	NIL	NIL
<b>Number of Meetings of Board attended during the financial year 2022-2023</b>	Attended Four (4) Board Meetings out of Four (4) Board Meetings held during the year.	Attended Four (4) Board Meetings out of Four (4) Board Meetings held during the year.	Attended Four (4) Board Meetings out of Four (4) Board Meetings held during the year.
<b>The skills and capabilities required for the role and the manner in which the proposed person meets such requirements.</b>	As per the resolution at Item no. 6 of this Notice, read with the explanatory statement thereto.	As per the resolution at Item no. 7 of this Notice, read with the explanatory statement thereto.	As per the resolution at Item no. 8 of this Notice, read with the explanatory statement thereto.

By Order of Board of Directors of  
**Shahlon Silk Industries Limited**

Place : Surat  
 Date : 10.08.2023

**Hitesh K. Garmora**  
 Company Secretary

## Directors' Report

The Board of Director's present the Company's 15th Annual Report and the Company's audited financial statements for the financial year ended March 31, 2023.

Particulars	(₹ in Lakhs)	
	2022-23	2021-22
Total Income	30896.76	31338.21
Profit before Interest, Depreciation and Tax	2,228.25	2988.59
Less : Interest	1420.28	1430.61
Depreciation	905.38	982.40
Profit before exceptional items and Tax	(97.41)	575.58
Profit (loss) on sale of Assets/Investment	612.78	-
Profit before Tax	515.37	575.58
Less : Provision for Current Taxation	170.29	209.37
Provision for Deferred Taxation	(32.69)	(0.81)
Excess/(Short) provision for taxation in earlier year	-	49.28
Net Profit	377.77	317.73
Add : Balance brought forward from previous year	2457.65	2160.92
Depreciation on Fixed Assets Revaluation	21.02	23.65
Amount available for Appropriation	2856.44	2502.30
Less: Dividend paid during the year	53.58	44.65
Balance Carried to Balance Sheet	2802.86	2457.65

### OPERATIONAL PERFORMANCE

During the year under review, your Company has achieved turnover of Rs.30896.76 lakh as against Rs.31338.21 lakh in the previous year, marginal decrease by 1.41% as compared to previous financial year.

An Earnings before Interest, Depreciation and Tax (EBITDA), during the year under review was Rs.2,228.25 lakh as compared to Rs.2,988.59 lakh in the previous year. During the year under review, there was operational loss of Rs.97.41 as against operating profit of Rs.575.58 lakh for the previous year on account of pressure on operating margins and lower capacity utilisation. During the year, the Company has received a balance sum of Rs.579.77 lakh from National Highway Authorities of India during the first quarter of current financial year 2022-23 towards revised compensation against Land and Building already acquired by the Government of India for Vadodara-Mumbai Express Highway in the financial year 2020-21. Profit after tax for the financial year under review was Rs.377.77 lakh as against Rs.317.73 lakh for the previous year.

### DIVIDEND

The Board of Directors are pleased to recommend a dividend of Rs.0.06/-(i.e.3.00%) per equity share of Rs.2/- each on the paid-up equity share capital of company

amounting to Rs.53.58 lakh. The dividend payment is subject to approval of members at the ensuing Annual General Meeting. The final dividend once approved by Shareholders will be paid within the stipulated time subject to deduction of tax at source.

### DEPOSITS

Your Company has neither accepted nor renewed any deposits within the meaning of the Companies (Acceptance of Deposits) Rules, 2014.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of section 152 of the Companies Act, 2013 and in accordance with provisions of Articles of Association of the Company, Shri Arvind R. Shah (DIN 00010483), Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

Members approval is sought by way of Special Resolution for continuation of employment of Shri Dhirajlal Raichand Shah as an Executive Chairman of the Company on attaining the age of 70 years on 18th February, 2024 for the remaining period of his term of 3 years i.e. until September 30, 2025. While such continuation of employment may not

require any further approval of the shareholders, as a matter of abundant caution, it is proposed to obtain approval of the shareholders at the ensuing Annual General Meeting.

Subject to the approval of the Shareholders at the ensuing General Meeting of the Company, the Board of Directors have approved the re-appointment of:

- Shri Rajendra Kundanlal Desai as an Independent Director of the Company for a further period of 5 years term commencing from September 3, 2023.
- Smt. Richa Manoj Goyal as an Independent Director of the Company for a further period of 5 years term commencing from September 3, 2023.
- Shri Vaibhav Jayantbhai Mehta as an Independent Director of the Company for a further period of 5 years term commencing from June 17, 2024.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under section 149(6) read with Schedule IV to the Companies Act, 2013 and under Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **NOMINATION AND REMUNERATION POLICY:**

The Company has devised the Nomination and Remuneration Policy for the selection, appointment and remuneration of Directors, Key Managerial Personnel and also remuneration of other employees including Senior Management employees who have the capacity and ability to lead the Company towards achieving sustainable development.

The extract of Nomination and Remuneration Policy is provided in the Corporate Governance Report and forms part of Board's Report.

#### **PARTICULARS OF EMPLOYEES**

The Disclosure required under Section 197(12) of the Companies Act, 2013 read with the Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as '**Annexure - 1**' and forms an integral part of this Report.

A statement comprising the names of top 10 employees in terms of remuneration drawn in terms of Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of

Managerial Personnel) Rules, 2014, is annexed as 'Annexure - 2' and forms an integral part of this report. This Annexure-2 is not being sent along with this annual report to the members of the company considering the provisions of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. The aforesaid Annexure is also available for inspection by Members at the Registered Office of the Company, 21 days before and up to the date of the ensuing Annual General Meeting during the business hours on working days.

There were no employees whose remuneration was in excess of the limits in pursuance of section 197(12) of the Companies Act, 2013 read with Rule 5(2) of The Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

#### **DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES**

Your Company does not have any Subsidiary, Joint Ventures or Associate Company.

#### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

As required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 the particulars relating to conservation of energy, Technology Absorption and foreign exchange earnings and outgo is appended as an '**Annexure-3**' to the Board's Report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge, belief and according to the information and explanations obtained, your Directors make the following statements in terms of Section 134(3)(c) & 134(5) of the Companies Act, 2013:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;



- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The directors had prepared the annual accounts on a going concern basis;
- e) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **SECRETARIAL AUDITORS:**

The Company has appointed Shri Bhairav H. Shukla, Practicing Company Secretary, (CP: 5820) Surat to conduct the Secretarial Audit of the Company as required by Section 204 of the Companies Act, 2013 and Rules made thereunder. The Company provided all assistance and facilities to the Secretarial Auditors for conducting their audit. Shri Bhairav H. Shukla, has also conducted the Annual Secretarial Compliance pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Secretarial Audit Report for the financial year ended 31st March, 2023 is annexed herewith as '**Annexure-4**'. The report is self-explanatory and does not call for any further explanation / comments as required under Section 134(3)(f) of the Companies Act, 2013.

The Company has complied with the applicable Secretarial Standards issued by the institute of Company Secretaries of India.

#### **STATUTORY AUDITORS AND AUDITOR'S REPORT**

Pursuant to Section 139 of the Act and the Rules made thereunder, the Company at its 11th Annual General Meeting re-appointed M/s. RASESH SHAH & ASSOCIATES, Chartered Accountants (Firm Registration No. 0108671W) as the Statutory Auditors of the Company for a period of 5 years from the conclusion of 11th AGM until the conclusion of 16th AGM of the Company. The Auditors have confirmed that they are not disqualified from continuing as Auditors of the Company.

The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

No fraud has been reported by the Auditors to the Audit Committee or the Board.

#### **COST AUDITORS**

In terms of the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, the Board of Directors, on the recommendation of the Audit Committee, has appointed M/s. Kannaujiya & Co., Cost Accountants, Surat (Firm Registration No: 102990) as Cost Auditor of the Company, for the financial year ending 31st March 2024, on a remuneration as mentioned in the Notice convening the 15th Annual General Meeting for conducting the audit of the cost records maintained by the Company.

A Certificate from M/s. Kannaujiya & Co., Cost Accountants has been received to the effect that their appointment as Cost Auditor of the Company, if made, would be in accordance with the limits specified under Section 141 of the Act and Rules framed thereunder.

A resolution seeking Members' approval for remuneration payable to Cost Auditors forms part of the Notice of the 15th Annual General Meeting of the Company and the same is recommended for your consideration.

Cost Audit Report for the year 31st March 2022 was filed with the Central Government, within the prescribed time limit AND The Cost Audit Report for the year ended on 31st March 2023, shall be filed within prescribed time after completion of Cost Audit by Cost Auditors.

The company has made and maintained books of account and records pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013.

#### **INTERNAL FINANCIAL CONTROLS SYSTEMS AND THEIR ADEQUACY:**

The Company believes that Internal Control is one of the key pillars of governance, which provides freedom to the management within a framework of appropriate checks and balances. The Company has a robust internal control framework, which has been developed considering the nature, size and risks in the business.

The Company has adequate internal control systems in place and also has reasonable assurance on authorizing, recording and reporting transactions of its operations. The Company has well-placed, proper and adequate internal controls environment, commensurate with its size, scale and complexities of its operations. The Company had already developed and implemented a framework for ensuring internal controls over financial reporting. This framework includes entity level policies, processes and operating level standard operating procedures (SOP). Internal control systems are an integral part of your Company's Corporate Governance structure. Information Technology (IT) policies and processes also ensure that they mitigate the current business risks. The Company has in placed ERP software system, supported by BI tools. The systems and processes are continuously improved by adopting best in class processes and automation and implementing the latest IT tools which help further for maintaining financial and commercial discipline. These have been designed to provide reasonable assurance with regard to credibility of data and compliances, inter-alia:

- a) Recording and providing reliable financial and operational information;
- b) Complying with the applicable statutes;

- c) Safeguarding assets from unauthorized use;
- d) Executing transactions with proper authorization, and ensuring compliance with corporate policies;
- e) Prevention and detection of Frauds / errors;
- f) Continuous updating of IT software/systems.

These are aimed at giving the Audit Committee a reasonable assurance on the reliability of financial reporting and statutory & regulatory compliances, effectiveness and efficiency of your Company's operations. The Internal Financial Control Systems are reviewed periodically and revised to keep in tune with the changing business environment.

Statutory Auditors of the company has conducted audit of internal financial control system over financial reporting and operating effectiveness of such controls. Separate audit report on internal financial control is annexed to Auditors Report and forming part of this report.

#### **AUDIT COMMITTEE**

Audit Committee presently consists of three Directors. The composition of Audit Committee is as follows.

<b>Name of Directors</b>	<b>Category</b>	<b>Position</b>
Mr. Rajendra Kundanlal Desai	Non-Promoter/Independent/Non-Executive Director	Chairman
Ms. Richa Manoj Goyal	Non-Promoter/Independent/Non-Executive Director	Member
Mr. Dhirajlal Raichand Shah	Promoter/Executive Director	Member

There are no instances where the Board has not accepted any recommendation of the Audit Committee.

#### **VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

In pursuance of the provisions of section 177(9) & (10) of the Companies Act, 2013 and rules made thereunder and SEBI Listing Regulations, a Vigil Mechanism for directors and employees to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the company's code of conduct has been established. Adequate safeguards have been provided against victimization of persons who use the vigil mechanism. The Vigil Mechanism Policy has been uploaded on the website of the Company.

#### **BUSINESS RISK MANAGEMENT**

The Company has laid down a Risk Management Policy and identified threat of such events which if occur may adversely affect either or value to shareholders, ability of Company to achieve objectives, ability to implement business strategies. Such inherent risks are categorized into Strategic risk, Operating risk and Regulatory risk. Managing Director and other Directors of the Company in consultation with Audit Committee will review from time to time the risk and suggest steps to be taken to control and mitigate the same through a properly defined framework. It may be noted that none of the identified risks is of a nature which would threaten the existence of the Company. We consistently and periodically review our systems and policies in order to establish sound risk management and internal control systems.

**ANNUAL RETURN:**

Pursuant to Section 134(3)(a) and Section 92(3) of the Act read with Companies (Management and Administration) Rules, 2014, the Annual Return of the Company in Form MGT-7 has been placed on the Company's website ([www.shahlon.com](http://www.shahlon.com)).

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

During the year under review, the company has not advanced any loans, given any guarantees or provided any security or made any investments covered under the provisions of section 185 and 186 of the Companies Act, 2013. The company has complied with the provisions of the Companies Act, 2013 with respect to Investments made, guarantee given and security provided in previous years.

The Company exited as a partner (holding 19% share) from Shahlon Enterprises LLP, a related party w.e.f. 01.07.2022 AND during the year under review, The Surat People's Co-operative Bank Ltd., had released the property of the company provided as collateral security and discharged the guarantee of the Company given to the said Bank for the credit facilities availed by Shahlon Enterprises LLP.

Necessary disclosure has been made in the notes to the financial statements.

**RELATED PARTY TRANSACTIONS:**

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large or which warrants the approval of the shareholders. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. Details of the transactions made with Related Parties are provided in the Company's financial statements in accordance with the Accounting Standards.

All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

**EVALUATION OF THE BOARD'S PERFORMANCE**

The Company has devised a Policy for performance evaluation of the Board as a whole, Committees and individual Directors (including Independent Directors) which include criteria for performance evaluation of Non-executive Directors and Executive Directors. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Non-Independent Directors were carried out by the Independent Directors.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

There are no significant and material orders passed by the Regulators or Courts or tribunals which would impact the going concern status of the Company and its future operations.

**MATERIAL CHANGES AFFECTING THE COMPANY**

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and date of this report. There has been no change in the nature of business of the Company.

**DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has zero tolerance for sexual harassment at work place and has adopted a policy against sexual harassment in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. An Internal Complaints Committee (ICC) has been set up in compliance with the said Act.

During the year under review, no complaint of sexual harassment was received by the committee.

#### **TRANSFER TO RESERVES**

During the year under review, the Company has not transferred any amount to Reserves.

#### **CORPORATE SOCIAL RESPONSIBILITY**

Provisions of Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility applicable to the company since net profit before tax is more than rupees five crore for the FY ended on 31.03.2022 i.e. during immediately preceding financial year.

In pursuance of the provisions of section 135(5) of the Act, the amount to be spent by the company shall be at least 2% of the average net profits of the company made during the three immediately preceding financial years. Net profit for the purpose of this section shall be calculated in accordance with the provisions of section 198 of the Act. The average net profit of last three years is negative.

Further, section 135(9) of the Act provides that where the amount to be spent by a company under sub-section (5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.

Hence, the company is not required to spend on CSR activity during the year under review under the provisions of the Act, and therefore the Board of Directors had not constituted CSR Committee.

#### **CORPORATE GOVERNANCE:**

A separate report on Corporate Governance pursuant to Regulation 34(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Part C of Schedule V thereof, along with a certificate from Shri Bhairav H. Shukla, Practicing Company Secretary, (CP: 5820) Surat confirming compliance of the conditions of Corporate Governance are annexed to this Report as '**Annexure-5**'.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Pursuant to Regulation 34(2)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Management Discussion and Analysis Report is given in '**Annexure-6**' to this Report.

#### **Acknowledgment**

Your Directors express their grateful appreciation for the assistance and co-operation received from the Banks, Financial Institutions, Government Authorities, Customers, Suppliers and Shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for committed services of employees of the Company at all the levels.

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

**Place :** Surat

**Date :** 10.08.2023

**Dhirajlal. R. Shah**

Chairman

## ANNEXURE - 1

### Disclosure in the Board's Report under Rule 5 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

(i)	The Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2022-23	<b>Director's Name</b>	<b>Ratio to median remuneration</b>	
		1	Mr.Dhirajlal R. Shah	61 : 1
		2	Mr.Arvind R. Shah	61 : 1
		3	Mr. Nitin R. Shah	61 : 1
(ii)	The Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any in the financial year 2022-23 compared to 2021-22	<b>Director's/CFO/CEO/CS/ Manager name</b>	<b>% increase in remuneration</b>	
		1	Mr.Dhirajlal R. Shah	NIL
		2	Mr. Arvind R. Shah	NIL
		3	Mr. Nitin R. Shah	NIL
		4	Mr. Satish Shah	12.43%
		5	Mr. Hitesh K. Garmora	13.52%
(iii)	Percentage increase in the median remuneration of employees in the financial year 2022-23 compared to 2021-22	29.56%		
(iv)	Number of permanent employees on the rolls of the company	<b>As on 31.03.2023</b>	<b>As on 31.03.2022</b>	
		995	1399	
(v)	average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	During 2022-23		
		Average percentile increase in remuneration is 7.50% for Employees other than Directors and there is no increase in remuneration of Directors.		

**Note:** 1. The Board of Directors of the Company affirms that the remuneration is as per the remuneration policy of the Company.

## ANNEXURE - 3

**Information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014.**

### (A) Conservation of energy-

- (i) the steps taken or impact on conservation of energy;
- Maintaining power factor and accordingly obtained rebate from DGVCL of Rs.11,40,510/- during the year.
  - Further, following steps taken to save energy:
    - o Replaced 11 Nos. Waterjet Humidity motor (consuming 878 kwh per day) with New Exhaust Fan motor (consuming 275 kwh per day), which saves Rs. 1,29,360/- per month.
    - o Replaced 9 Nos. TFO Humidity motor (consuming 492 kwh per day) with New Exhaust Fan (consuming 152 kwh per day), which saves Rs. 76,962/- per month.
    - o ETP Aeration Tank 2 motor connect with 2 no. VFD - which saves 185 kwh per day i.e. Rs.39,960/- per month.
- (ii) the steps taken by the company for utilising alternate sources of energy;
- The Company is exploring potential of using alternate source of energy, which may be considered for implementation in future. The

company has installed in past two 0.6MW, one 1.2MW and one 2.1MW windmills for captive generation of power.

- (iii) the capital investment on energy conservation equipments; - NIL

### (B) Technology absorption-

- (i) The efforts made towards technology absorption and
- (ii) the benefits derived

Your company is keeping a close eye on the new product development and upgradation of technology in existing products. Upgradation in various areas of plant and machinery is continuously carried out. The company has adopted standard cost for each product quality and comparing it with actual cost from time to time. If there is any major deviation, then proper and prompt remedial action is taken to improve it. These developments will result in improvement in the quality of the product and yield resulting in superior cost competitiveness.

- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - NIL
- (iv) the expenditure incurred on Research and Development. - NIL

### (C) Foreign exchange earnings and Outgo:

Total Foreign Exchange used and earned.

(₹ in Lakhs)

Particulars	2022-23	2021-22
I) Foreign Exchange Earnings	<b>2906.91</b>	3367.27
II) Foreign Exchange Outgo:		
a) Raw Materials	<b>110.84</b>	26.41
b) Capital Goods	<b>65.74</b>	1.91
c) Consumables Stores	<b>37.98</b>	24.51
d) Foreign Travelling Expenses	<b>7.96</b>	-
e) Export Commission	<b>28.06</b>	85.44
f) Business Convention Expenses	<b>51.33</b>	-

## ANNEXURE - 4

### FORM No. MR - 3 SECRETARIAL AUDIT REPORT

For The Financial Year Ended on 31st March, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

To,

The Members,

**SHAHLON SILK INDUSTRIES LIMITED**

**(CIN - L17120GJ2008PLC053464)**

3rd Floor, Dawer Chambers, Beside J. K. Tower,  
Khatodara, Ring Road, Surat-395002, Gujarat, India

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SHAHLON SILK INDUSTRIES LIMITED** (CIN - L17120GJ2008PLC053464) (hereinafter called the "company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31st March, 2023**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2023, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there-under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there-under;

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there-under to the extent of Foreign Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ;[Not applicable as the Company has not issued shares to the Employees during the financial year under review];
  - e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 . [Not applicable as the Company had not issued and listed any debt

securities, non-convertible securities or commercial paper during the financial year under review];

- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client. [Not applicable as the company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;]
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021. [Not applicable as the Company has not delisted / proposed to delist its equity shares from Stock Exchange during the financial year under review];
- h. The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018. [Not applicable as the Company has not bought back / proposed to buy-back any of its securities during the financial year under review];
- i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) Other laws specifically applicable to the Company namely –

1. Factories Act, 1948
2. The Environment (Protection) Act, 1986
3. Air (Prevention and Control of Pollution) Act, 1981
4. Water (Prevention and Control of Pollution) Act, 1974
5. Foreign Trade Regulation Act, 1992

I have also examined compliances with the applicable clauses of the following:

- (i) Secretarial Standards pursuant to section 118(10) of the Act, issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the company with the BSE Ltd.

I report that, during the year under review, the company has complied with the provisions of the Acts, rules, regulations and guidelines, standards etc. mentioned above subject to the following observations:

(a)

Sr. No. :	01
<b>Compliance Requirement (Regulations / circulars / guidelines including specific clause)</b>	<b>DECLARATION AND SUBMISSION OF UNAUDITED FINANCIAL RESULTS WITHIN 45 DAYS FROM THE END OF THE QUARTER</b> Regulation 33(3)(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 The listed entity shall submit the financial results in the following manner: The listed entity shall submit quarterly and year-to-date standalone financial results to the stock exchange within forty-five days of end of each quarter, other than the last quarter.
<b>Regulation/ Circular No.</b>	Regulation 33(3)(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
<b>Deviations</b>	<b>DELAY IN SUBMISSION OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH SEPTEMBER, 2022.</b> The financial results for the quarter ended 30th September, 2022 were not submitted with the Stock Exchange within time limit.
<b>Action Taken by</b>	BSE Limited
<b>Type of Action</b>	Imposed Penalty of Rs.5000/- plus Rs.900/- GST (Total Rs.5900/-)



<b>Details of Violation</b>	Non compliance of Regulation 33(3)(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 The company has submitted quarterly financial results for the quarter ended 30.09.2022 on 15.11.2022; due date to file the same was 14.11.2022. The company has delayed filed for 01 (One) day.
<b>Fine Amount</b>	The Bombay Stock Exchange (BSE) has imposed a fine of Rs.5900/- (including GST Rs.900/-)
<b>Observations/ Remarks of the Practicing Company Secretary</b>	The entity has submitted quarterly financial results for the quarter ended 30.09.2022 on 15.11.2022; due date to file the same was 14.11.2022. The entity has delayed filed for 01 (One) day.
<b>Management Response</b>	The Board of Directors considered the matter and noted that the non-compliance which has been identified and indicated by the Stock Exchange in the matter of late submission of the unaudited financial results for the quarter and half year ended on 30th September, 2022 to the exchange, was by one day only and the same was inadvertent. From now onwards, the Company will take due care to ensure timely compliance of SEBI Regulations.
<b>Remarks</b>	Acknowledged

**I further report that-**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Meetings of the Board and Committees of the Board. Except where consent of the directors was received for scheduling meeting at a shorter notice (to transact urgent business on fulfilling conditions as prescribed under section 173 (3) of the Companies Act, 2013), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the Minutes of the meetings of the Board of Directors & the committee thereof duly recorded and signed by the Chairman the decision of the Board or Committee was unanimous and there were no dissenting views on any matter.

Note: This report is to be read with my letter of even date which is annexed as **"ANNEXURE A"** and forms an integral part of this report.

I further report that based on review of compliance mechanism established by company and on the basis of representation made / certificate issued by the Company and its officers, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**Bhairav H Shukla**

Practising Company Secretary

FCS -6212

COP No.- 5820

UDIN - F006212E000777532

**Place:** Surat

**Date:** 10.08.2023 Peer Review Certificate No. 1015/2020

**“ANNEXURE – A”  
FORM No. MR - 3  
SECRETARIAL AUDIT REPORT**

**For The Financial Year Ended on 31st March, 2023**

To,  
The Members,  
**SHAHLON SILK INDUSTRIES LIMITED**  
(CIN - L17120GJ2008PLC053464)  
3rd Floor, Dawer Chambers, Beside J. K. Tower,  
Khatodara, Ring Road, Surat-395002, Gujarat, India

My Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company and for which we relied on the report of statutory auditor.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Bhairav H Shukla**

Practising Company Secretary

FCS -6212

COP No.- 5820

UDIN - F006212E000777532

**Place:** Surat

**Date:** 10.08.2023 Peer Review Certificate No.-1015/2020

# ANNEXURE - 5

## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy on the Code of Governance:

Shahlon's philosophy of undertaking business through ethical and fair means has been its foundation. The company's management firmly believes that good corporate governance should be internally driven and not to be looked upon just as an issue of compliance dictated by statutory requirements. Shahlon's philosophy on corporate governance envisages the attainment of the highest level of transparency, integrity, honesty and accountability in all facets of its operations. We consistently and periodically review

our systems and policies in order to establish sound risk management and internal control systems. Rapid problem solving approach and incessant fulfillment of the expectations of shareholders, customers, suppliers, lenders and society as a whole is reflective of eminent Corporate Governance Policies at Shahlon.

### 2. Board of Directors:

The Board of the Company is comprised of Executive and Non- Executive Directors including Independent Directors. As on 31st March, 2023, the composition of the Board is as under:

Category	No. of Directors	% to total number of Directors
Executive Directors - Promoter	3	50.00
Non-Executive, Independent Directors (including woman director)	3	50.00
<b>Total</b>	<b>6</b>	<b>100.00</b>

The composition of the Board is in conformity with the Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (hereinafter referred to as "SEBI (LODR) Regulations") and the Companies Act, 2013 (hereinafter referred to as "the Act").

Further, the Chairmanships/Memberships of the Committees of the Board of all directors are within the maximum permissible limit as stipulated under SEBI (LODR) Regulations.

Directorships in other Listed Entities and the category of Directorship as on 31st March, 2023:

Name of the Director	Category	List and category of Directorship in other Listed Companies
SHRI RAJENDRA KUNDANLAL DESAI	Non-Executive Independent Director	K.P. Energy Limited - Non-Executive - Independent Director
MS. RICHA MANOJ GOYAL	Non-Executive Independent Director	1.Ami Organics Limited - Non-Executive - Independent Director 2.Bikaji Foods International Ltd. - Non-Executive - Independent Director

Note: No Director is related to any other Director except Mr. Dhirajlal R. Shah, Arvind R. Shah and Mr. Nitin R. Shah, Promoter Directors who are kin brothers hence related to each other.

### Board Meetings

During the year under review, 4 (Four) Board Meetings were

held, the dates being, 30th May, 2022, 12th August, 2022, 15th November, 2022 and 8th February, 2023.

Attendance of each Director at the Meetings of Board and the last Annual General Meetings, number of other Directorship and Committee membership/Chairmanship are as under:

Name of the Director	Category	No. of Board Meetings attended during 2022-23		Whether attended AGM held on 30th Sep., 2022	No. of Directorship in listed entities including this company as on 31.3.2023		No. of Committee positions held in public limited companies* including this company	
		held	attended		Members	Chairman	Memberships	Chairmanships
Mr. Dhirajlal R. Shah (DIN: 00010480)	Executive Chairman / Promoter Director	4	4	YES	1	1	2	Nil
Mr. Arvind R. Shah (DIN: 00010483)	Managing Director/ Promoter Director	4	4	YES	1	Nil	1	Nil
Mr. Nitin R. Shah (DIN: 00010487)	Whole-time Director / Promoter Director	4	4	YES	1	Nil	Nil	Nil
Mr. Rajendra K. Desai (DIN: 00198139)	Non-Executive / Independent Director	4	4	YES	2	Nil	2	2
Ms. Richa M. Goyal (DIN: 00159889)	Non-Executive / Independent Women Director	4	4	YES	3	Nil	7	2
Mr. Vaibhav J. Mehta (DIN: 08484567)	Non-Executive / Independent Director	4	4	YES	1	Nil	Nil	Nil

\* Includes only Audit Committee and Stakeholders Relationship Committee of public companies as per Regulation 26(1) of SEBI (LODR) Regulations.

#### Matrix setting out the skills/expertise/competence of the Board:

The Board of Directors of the Company possesses the requisite skills/expertise/ competencies in the context of its businesses to function effectively. The core skills/expertise/ competencies that are available with the Directors are as under:

Name of the Director	(Skills/Expertise/Competencies)
Mr. Dhirajlal R. Shah	Business Strategy, Planning, Corporate Management, Discharge of Corporate Social Responsibility, Accounting and Financial Skills
Mr. Arvind R. Shah	Production, Marketing, Risk Management
Mr. Nitin R. Shah	Production, Marketing, Risk Management
Mr. Rajendra K. Desai	Accounting and Financial Skills
Ms. Richa M. Goyal	Legal, Accounting, Financial Skills and Risk Management
Mr. Vaibhav J. Mehta	Production, Technical Skills

The Board of Directors have identified the following Core Skills/ Expertise/Competencies as required in the context of its business(es) and sector(s) for it to function effectively

<b>Skills/ Expertise/ Competencies identified by the Board</b>	<b>Mr. Dhirajlal R. Shah</b>	<b>Mr. Arvind R. Shah</b>	<b>Mr. Nitin R. Shah</b>	<b>Mr. Rajendra K. Desai</b>	<b>Ms. Richa M. Goyal</b>	<b>Mr. Vaibhav J. Mehta</b>
Leadership experience of running large enterprise. Experience of leading operations of large organizations with deep understanding of complex business processes, regulatory and governance environment, risk management and ability to visualize and manage change.	✓	✓	✓			
Business Strategies and innovations. Expertise in developing and implementing strategies for sustainable and profitable growth of the Company in various segments	✓	✓	✓	✓	✓	✓
Understanding of Consumer behavior in diverse environments and conditions pertaining to core business areas of Company viz. Textile.	✓	✓	✓	✓	✓	✓
Understanding of the changing legal and regulatory landscape of the Country from time to time.	✓	✓	✓	✓	✓	
Financial Management and Accounting. Expertise in understanding and management of complex financial functions and processes of large organisations, deep knowledge of accounting, finance and treasury for financial health of the Company.	✓	✓	✓	✓	✓	
Knowledge and expertise of Trade and Economic Policies Possessing knowledge and expertise of various trade and economic policies, ability to analyse their impact on the business of the Company and devise revised strategies.	✓	✓	✓	✓	✓	
Governance and Regulatory requirements of large Companies. Knowledge and experience in regulatory and governance requirements and ability to identify key risks affecting the governance of the Company	✓	✓	✓	✓	✓	

### Independence of Directors

Company's definition of 'Independence' of Directors is derived from Section 149(6) of the Companies Act, 2013 and SEBI (LODR) Regulations. The Independent Directors provide an annual confirmation that they meet the criteria of independence. Based on the confirmations/disclosures received from the Directors the Board confirms, that the Independent Directors fulfill the conditions as specified under SEBI (LODR) Regulations and are independent of the management.

The Board members are provided with necessary documents/ brochures and reports to enable them to familiarize with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, business strategy and risks involved. Site visits are also arranged.

Quarterly updates on relevant statutory changes encompassing important laws are regularly circulated to

the Directors. The policy of such familiarization programmes for Independent Directors is posted on the website of the Company and can be accessed at <http://www.shahlon.com/reports/disclosure/Familiarize-Program-for-ID.pdf>.

### 3. Audit Committee:

The Audit Committee of the Company is constituted in line with the provisions of Section 177 of the Act read with the rules made thereunder and Regulation 18 read with Part C of Schedule II of SEBI (LODR) Regulations. The Committee comprises of members who possess financial and accounting expertise/exposure.

During the year under review, 4 Meetings of the Audit Committee were held, the dates being 30th May, 2022, 12th August, 2022, 15th November, 2022 and 8th February, 2023.

Composition of the Committee and details of attendance of each Member at the Audit Committee Meetings are as follows:

Name of Directors	Category	Position	No. of Meetings Attended
Mr. Rajendra K. Desai	Non-Executive / Independent Directors	Chairman	4
Ms. Richa M. Goyal	Non-Executive / Independent Women Director	Member	4
Mr. Dhirajlal R. Shah	Executive Chairman / Promoter Director	Member	4

The Managing Director, Chief Financial Officer, Internal Auditors, Cost Auditors, Statutory Auditors and other senior executives of the Company attend the Audit Committee Meetings as invitees. The Company Secretary acts as the Secretary to the Audit Committee.

The role and terms of reference of the Audit Committee cover the matters specified for Audit Committees under SEBI (LODR) Regulations as well as in Section 177 of the Companies Act, 2013.

### 4. Nomination & Remuneration Committee ("NRC"):

The composition, powers, role and terms of reference of the Committee are in accordance with the

requirements mandated under Section 178 of the Act and Regulation 19 read with Part D of Schedule II of the SEBI (LODR) Regulations. Apart from the above, the Committee also carries out such functions/responsibilities entrusted on it by the Board of Directors from time to time.

During the year under review, 1 Meeting of the Nomination and Remuneration Committee was held on 12th August, 2022 and all members were attended the meeting.

Composition of NRC Committee are as follows:

Name of Directors	Category	Position
Mr. Rajendra K. Desai	Non-Promoter/Independent/Non-Executive Directors	Chairman
Ms. Richa M. Goyal	Non-Executive / Independent Director	Member
Mr. Dhirajlal R. Shah	Promoter/ Executive Director	Member
Mr. Vaibhav J. Mehta	Non-Executive / Independent Director	Member

The broad terms of reference of the NRC includes:

- Setup and composition of the Board, its Committees, and Senior Management/Executive team of the Company including Key Managerial Personnel ("KMP" as defined under the Act).
- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board of Directors, their appointment and removal. Senior Management shall have the same meaning as defined in the SEBI (LODR) Regulations.
- Evaluation of performance of the Board, its Committees and individual Directors.
- Remuneration to Directors, KMPs, Senior Management/ executive team and other employees.
- Oversight of the familiarisation programme of Directors.
- Oversight of the Human Resource ("HR") philosophy, HR and People strategy and key HR practices.

#### Performance Evaluation:

Pursuant to the provisions of the Companies Act, 2013 read with the rules made thereunder, SEBI (LODR) Regulations and Guidance Note on Board Evaluation issued by SEBI vide its Circular dated 5th January, 2017, the Board of Directors ("Board") has carried out an

annual evaluation of its own performance and that of its Committees and individual Directors.

The Nomination and Remuneration Committee ("NRC") shall carry out the evaluation of performance of every Director. The evaluation of performance of the Independent Directors (IDs) shall also be carried out by the entire Board of Directors excluding the Director being evaluated in the same way as it is for the Executive Directors of the Company except the Director getting evaluated. Evaluation performance should be carried out at least once in a year.

#### 5. Stakeholder's Relationship Committee:

The composition, powers, role and terms of reference of the Committee are in accordance with the requirements mandated under Section 178 of the Act and Regulation 20 read with Part D of Schedule II of SEBI (LODR) Regulations.

During the year under review, 1 Meeting of the Stakeholder's Relationship Committee was held on 20th January, 2023.

Stakeholder's Relationship Committee consists of three Directors viz. Mr. Rajendra K. Desai, Mr. Arvind R. Shah and Mr. Dhirajlal R. Shah. Mr. Rajendra Kundanlal Desai, Non-executive/Independent Director is the Chairman of the Committee. Mr. Hitesh K. Garmora, Company Secretary of the company has been designated as the Compliance Officer.

#### Shareholders Complaints:

No. of shareholders' complaints received during the year:	Nil
No. of complaints not resolved to the satisfaction of shareholders:	Nil
No. of pending complaints:	Nil

**Senior management:-** Following Officers and Personnel of the Company who are the members of the core management team excluding BOD but specifically include Company Secretary and CFO.

**Particulars of senior management including the changes therein since the close of the previous financial year.**

Sr No.	Name	Position	Changes during the Year
1.	Jayantilal Raichand Shah	Head - Accounts & Legal	-
2.	Mahendra Raichand Shah	Gen. Manager (Operation)	-
3.	Dipan Jayantilal Shah	Gen. Manager – Marketing	-
4.	Dhruv Arvind Shah	Mktg. Executive – Export	-
5.	Hitesh Kantilal Garmora	V.P. Fin. & Comp. Secretary	-
6.	Satish Hargovinddas Shah	Chief Financial Officer	-
7.	Suman Atul Maheshwari	Internal Auditor	-
8.	Gopal Naranbhai Ranparia	Manager - EDP	-
9.	Jaykant Govindbhai Sabhaya	Chief Manager – HR & Admin	-
10.	Omdatt Laxminarayan Sharma	General Manager	-
11.	Jagdish Govindprasad Shah	General Manager	-
12.	Nagda Nilesh Manilal	Commercial Manager	-

**6. Remuneration of Directors:**

Payment of remuneration to the Executive Chairman, Managing Director and Whole-time Director is governed by the Agreement executed between them and the Company. Their Agreements are approved by the Board and by the shareholders. Their remuneration structure comprises salary, other benefits includes contribution to provident fund, gratuity etc.

The company has no pecuniary relationship or transaction with its non-executive Directors other than payment of sitting fees to them for attending the Board

meeting and Committee meeting as may be determined by the Board from time to time.

The Company has adopted the Remuneration Policy as required under the provisions of the Act and Regulation 19 read with Part D of Schedule II of SEBI (LODR) Regulations, 2015. The remuneration policy of the company is directed towards rewarding performance.

No sitting fees are paid to Executive Directors. The Company has no stock option scheme. Further no commission is paid to any of the Directors.

(i) Details of remuneration paid to Executive Directors during the financial year 2022-23 are given below: -

(₹ In Lakhs)	
Name	Salary
Mr. Dhirajlal R. Shah, Executive Chairman	54.22
Mr. Arvind R. Shah, Managing Director	54.22
Mr. Nitin R. Shah, Whole-time Director	54.22



Note:

The Agreements with the Executive Chairman, Managing Director and Whole-time Director are for a period of three years (01/10/2022 to 30/09/2025) approved by the shareholders at the 14th Annual General Meeting of the Company held on 30th September, 2022.

(ii) Details of payments made to Non-Executive Directors during the year 2022-23 and the number of shares held by them are given below:

<b>Name of Directors</b>	<b>Sitting Fees** (Rs. in Lakhs)</b>	<b>Total No. of Shares held in the Company as on 31st March, 2023</b>
Mr. Rajendra K. Desai	1.10	7,335
Ms. Richa M. Goyal	1.00	-
Mr. Vaibhav J. Mehta	0.60	-

\*\* Includes sitting fees paid for Board and Committee Meetings.

## 7. General Body Meeting:

### a) Location and time where last three Annual general Meetings (AGM) were held.

#### Annual general Meetings:

<b>Date &amp; Time</b>	<b>Location</b>	<b>Special Resolutions Passed</b>
30.09.2022 at 11.00 A.M.	3rd Floor, Dawer Chambers, Nr. Sub-Jail, Ring Road, Surat	(i) Re-appointment of Shri Nitin R. Shah as a Whole-time Director. (ii) Re-appointment of Shri Arvind R. Shah as a Managing Director. (iii) Re-appointment of Shri Dhirajlal R. Shah as an Executive Chairman.
30.09.2021 at 11.00 A.M.	-----Do-----	Nil
26.12.2020 at 11.00 A.M.	-----Do-----	Nil

### b) Whether any Special Resolutions were passed last year through postal ballot:

Last year no resolution was passed through postal ballot.

None of the business required to be transacted at this AGM is proposed to be passed by postal ballot.

and other important information is circulated to the members and others entitled thereto. The Management Discussion and Analysis Report forms part of the Annual Report. The Annual Report is also available in downloadable form on the website of the Company. Shareholders' grievances/complaints Redressal division's E-mail ID is : companysecretary@cs.shahlon.com

## 8. Means of Communication:

The Annual Report containing, inter alia, Audited Financial Statement, Board's Report, Auditors' Report

### (a) quarterly results; -

Quarterly, half-yearly and yearly financial results of the Company are published as per the

requirements of Regulation 33 & 47 of the SEBI Listing Regulations, 2015 in leading newspapers.

**(b) newspapers wherein results normally published;** - Financial Express (Mum. Edition) & Gujarat Guardian (Sur. Edition)

**(c) any website, where displayed;**

The financial results, press releases and other reports/intimations required under the SEBI (LODR) Regulations, 2015 are filed electronically with BSE Limited (BSE) and also uploaded on the Company's website- www.shahlon.com.

**(d) whether it also displays official news releases;**- Yes, official news releases are displayed on the website.

**(e) presentations made to institutional investors or to the analysts** - During the year no presentations were made to analysts/ institutional investors.

#### **9. General Shareholder Information:**

**(a) Annual General Meeting: Date, Time and Venue:**

To be held on Friday, **29th September, 2023**, 11:00 A.M. through Video Conferencing (VC)/Other Audio Visual Means (OAVM) and the venue shall be deemed to be the Registered Office of the Company at 3rd Floor Dawer Chamber, Beside: J.K. Tower, Ring Road, Khatodara, Surat - 395 002

**(b) Financial Year:** 1st April to 31st March.

**(c) Dividend payment Date:**

Dates of Book Closure are 16th September, 2023 to 29th September, 2023 (Both days inclusive). Dividend on Equity Shares will be made payable from **29th September, 2023** once approved. In respect of shares held in physical form, the dividend will be paid to such shareholders whose name appears in the Register of Members as on Friday, **15th September, 2023**. In respect of shares held in electronic form, the dividend will be paid as per the beneficial ownership data made available to the Company by National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as of the close of business hours on **Friday, 15th September, 2023**.

**(d) Listing on stock exchange:**

Currently, the Company's equity shares are listed on BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai -400 001. Annual Listing Fees for the year 2023-24 have been paid to BSE Limited.

**(e) Stock Code:**

Bombay Stock Exchange Limited, Mumbai (BSE):  
Scrip Code - 542862

ISIN No. in NSDL & CDSL for the Listed Equity Shares: INE052001026

**(f) Market Price Data:**

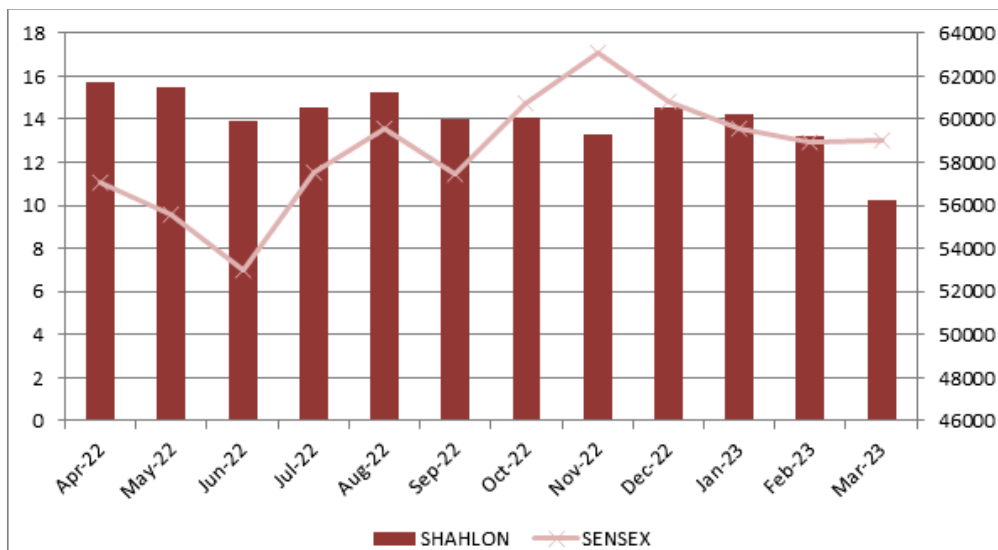
The details of monthly highest and lowest closing quotations of the equity shares of the Company listed at the BSE Ltd. during the financial year 2022-2023 are as under:-

Month	High	Low
April'2022	17.85	15.05
May'2022	17.50	14.00
June'2022	16.95	12.40
July'2022	15.90	13.00
August'2022	17.69	11.35
September'2022	16.00	12.60
October'2022	14.73	13.00
November'2022	14.59	12.55
December'2022	16.00	12.85
January'2023	15.60	13.25
February'2023	14.50	12.65
March'2023	13.65	9.30

[Source: This information is compiled from the data available on the website of BSE]

**(g) Performance in comparison to broad based indices :**

SHAHLON CLOSING SHARE PRICE (Rs.) V/S BSE SENSEX CLOSING



[Source: This information is compiled from the data available on the website of BSE]

**(h) Suspension from trading:**

No Security of the Company has been suspended from trading on the stock exchange where the securities are listed.

**(i) Registrar and Share Transfer Agent:**

BIGSHARE SERVICES PVT. LTD.

A/802, Samudra Complex, Near Klassic Gold Hotel,  
Girish Cold Drinks, Off C.G Road, Navrangpura,  
Ahmedabad, Gujarat, 380009.

Tel No.: +91-79-40392571

Email: [bssahd@bigshareonline.com](mailto:bssahd@bigshareonline.com)

Website: [www.bigshareonline.com](http://www.bigshareonline.com)

**(j) Share Transfer System:**

In accordance with the proviso to Regulation 40(1) of the Listing Regulations, effective from April 01, 2019, transfers of shares of the Company shall not be processed unless the shares are held in the dematerialized form with a depository. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialized so as to be able to freely transfer them and participate in various corporate actions.

**(k) Distribution of Shareholding:**

Distribution of shareholding as on March 31, 2023:

Shares Range	Number of shareholders	%	Total Shares for the Range	% of Issued Capital
Up to 500	2131	48.3878	245203	0.2746
501 – 1000	1208	27.4296	786862	0.8811
1001 – 2000	524	11.8983	738405	0.8269
2001 – 3000	126	2.861	322896	0.3616
3001 – 4000	83	1.8847	284433	0.3185
4001 – 5000	47	1.0672	221324	0.2478
5001 – 10000	91	2.0663	609178	0.6822
10001 & above	194	4.4051	86094149	96.4074
<b>Total</b>	<b>4404</b>	<b>100.00</b>	<b>89302450</b>	<b>100.00</b>

**(l) Dematerialization of shares:**

98.76% of the outstanding Equity Shares have been dematerialized up to 31st March, 2023. All shares held by Promoters/Promoter Group of the Company are in dematerialized form. Trading in Equity Shares of the Company on the stock exchanges is permitted only in dematerialized form.

**(m) Outstanding GDR/ADR/Warrants or any convertible instruments:**

The company has not issued any GDR / ADR / Warrants or any convertible instruments till date.

**(n) Commodity price risk or foreign exchange risk and hedging activities:**

The basic raw material for manufacturing company's product is POY, FDY, PFY etc. Fluctuating prices of raw material is a big concern for the industry which may strain the profitability margins.

The company is a Marketing agent of Reliance Industries Limited for yarn products and supplying yarn to various big players in the market. The company has established network for marketing of its products, wide spread customer base, good market reputation and quality of the products, the company is in a position to pass on increase if any in cost to their customers. Based on market

intelligence and continuous monitoring, the procurement team is advised on appropriate strategy to deal with such market volatility.

The company is having major export transactions and having only meager import transactions. Company is hedging its foreign exchange risk by availing packing credit in foreign currency from its bankers.

**(o) Plant Locations:**

Block No. 692/A, Plot No. Composite Unit-2, 3, 4, 5/A and 15, Fairdeal Textile Park, Village: Mahuvej, Taluka: Mangrol, Dist.: Surat, Gujarat.

Block No.: 297, 298, 76, 81, Limodra Patiya, Village: Karanj, Taluka: Mandvi, Dist.: Surat, Gujarat.

Block No.104 [Old Block No.141], Block No.103 [Old Block No.146], AND Block No.97 [Old Block No.149], Kim Char Rasta, Village: Mota Borsara, Taluka: Mangrol, Dist: Surat, Gujarat.

**(p) Address for investor correspondence:**

For share transfer/dematerialisation of shares /other queries relating to shares:

**(q) List of all credit ratings obtained by the Company for financial facilities:**

	<b>credit rating by CRISIL Ratings vide its letter dated April 13, 2022</b>
Long-Term Rating :	'CRISIL BB+/Stable'
Short-Term Rating :	'CRISIL A4+'

**10. Other Disclosures:**

**(a)** All related party transactions have been entered into in the ordinary course of business and were placed periodically before the audit committee in summary form including transactions for which omnibus approval of the Audit Committee was taken. There were no material individual transactions with related parties which were not in the normal course of business, required to be placed before the audit committee and that may

Contact

M/s BIGSHARE SERVICES PVT. LTD.

A/802, Samudra Complex, Near Klassic Gold Hotel, Girish Cold Drinks, Off C.G Road, Navrangpura, Ahmedabad, Gujarat, 380009.

Tel No.: +91-79-40392571

Email : [bssahd@bigshareonline.com](mailto:bssahd@bigshareonline.com)

Website : [www.bigshareonline.com](http://www.bigshareonline.com)

For any queries on payment of Dividend/Annual Report or investors' assistance:

Contact

The Company Secretary,

Shahlon Silk Industries Limited

3rd Floor, Dawer Chambers, Beside: J.K. Tower, Ring Road, Khatodara, Surat- 395 002.

Phone No.:(0261)4190200

E-mail: [companysecretary@cs.shahlon.com](mailto:companysecretary@cs.shahlon.com)

have potential conflict with the interest of the Company at large. All individual transactions with related parties or others were on an arm's length basis. Transactions with related parties as per requirements of IND AS 24 - 'Related Party Disclosures' are disclosed in Note 26 to the Financial Statements.

**(b)** The following is the details of non-compliance by the company for which penalties imposed by BSE Limited;:

<b>Sr. No.</b>	01
<b>Actions taken by</b>	BSE Limited
<b>Details of violation</b>	<p>Non compliance of Regulation 33(3)(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015</p> <p>The company has submitted quarterly financial results for the quarter ended 30.09.2022 on 15.11.2022; due date to file the same was 14.11.2022.</p> <p>The company has delayed filed for 01 (One) day.</p>
<b>Details of action taken E.g. fines, warning letter, debarment, etc.</b>	Imposed Penalty of Rs.5000 plus Rs.900 GST (Total Rs.5900/-)
<b>Observations/remarks of the Practicing Company Secretary, if any.</b>	<p>The entity has submitted quarterly financial results for the quarter ended 30.09.2022 on 15.11.2022; due date to file the same was 14.11.2022.</p> <p>The entity has delayed filed for 01 (One) day.</p>

Except above there were no other instances of non-compliance, penalties, strictures imposed on the company by stock exchange(s) or the SEBI or any statutory authority, on any matters related to the capital markets, during last three years.

(c) The Company has established a vigil mechanism/whistle blower policy for directors and employees to report concerns about unethical behaviour, actual or suspected fraud etc. and the same has been disclosed on the website of the Company. Further no personnel have been denied access to the Audit Committee.

**(d) (i) COMPLIANCE WITH MANDATORY REQUIREMENTS**

The Company has complied with all the mandatory requirements specified in Regulation 17 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and paragraph C, D and E of Schedule V of the SEBI (LODR) Regulations except one non-compliance reported in Compliance certificate regarding compliance of conditions of corporate governance issued by practicing company secretaries attached as per 'Annexure-C'.

**(ii) NON-MANDATORY/ DISCRETIONARY REQUIREMENTS**

• **Unqualified Financial Statements**

There are no qualifications in the Auditor's Report on the accounts for the financial year 2022-23.

• **Separate posts of chairperson and chief executive officer**

The Company has a Managing Director, Whole-time Director in addition to the Executive Chairman of the Board.

• **Reporting of Internal Auditor**

The Internal Auditor of the Company directly reports to the Audit Committee.

**(e) Web-links for policy for determining 'Material' subsidiary – N.A.**

**(f) Web-links for policy on dealing with related party transactions -** <http://www.shahlon.com/reports/disclosure/Related-Party-Policy.pdf>

**(g) disclosure of commodity price risks and commodity hedging activities:** Please refer (n) of point no.9 as mentioned above.

**(h) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)- N.A.**

**(I) Certificate from Practicing Company Secretary:**

The Company has obtained a certificate OF NON-DISQUALIFICATION OF DIRECTORS [Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015] from Bhairav H. Shukla, Practicing Company Secretary,

Membership no. F6212 and CP No. 5820, that none of the directors on the board of the company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority attached herewith as per 'Annexure - A'.

**(j) Recommendation of any committee of the board which is mandatorily required:**

Any recommendations given by the committees of the Board are required to be placed before the Board. The Board has accepted all the recommendations by various committees of the Board during the financial year 31st March, 2023. There is no instance where the recommendation of any of the committee of the Board has not been accepted by the Board during the year.

**(k) Fees paid to Statutory Auditors**

Company has paid/to be paid aggregate fees of ₹6.40 lakhs to Statutory Auditors for all services.

**(l) Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder and same is posted on the website of the Company and can be accessed at <http://www.shahlon.com/reports/disclosure/Sexual%20Harassment%20Policy.pdf>.

No complaint under above said policy has been received during the financial year 2022-23.

**(m)** During the FY 2022-23, the Company has not given any 'Loans and Advances' in the nature of loan to Firms/ Companies in which Directors are interested.

**(n)** The Company does not have material subsidiary Companies as on reporting date. Hence, the said disclosure is not applicable.

**11. Non-Compliance**

There is no non-compliance of any of the requirements of corporate governance report as required under the Listing Regulations except one non-compliance reported in Compliance certificate regarding compliance of conditions of corporate governance issued by practicing company secretaries attached as per 'Annexure - C'.

**12. Discretionary Requirements**

Please refer (d)(ii) of point no.10 as mentioned above.

**13. Disclosures of the compliance with corporate governance requirements**

Please refer (d)(i) of point no.10 as mentioned above.

**14. Declaration by Managing Director**

Declaration by Managing Director pursuant to schedule V (Part D) of the SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015 regarding compliance with Code of Conduct is attached herewith as per 'Annexure - B'.

**15.** Compliance certificate from practicing company secretaries regarding compliance of conditions of corporate governance is attached herewith as per 'Annexure - C'.

**16. Disclosures with respect to demat suspense account/ unclaimed suspense account**

**(a)** aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year; - Nil

**(b)** number of shareholders who approached listed entity for transfer of shares from suspense account during the year; - Nil

**(c)** number of shareholders to whom shares were transferred from suspense account during the year; - Nil

**(d)** aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year; - Nil

**(e)** that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares; - Nil

**17.** Mr. Arvind R. Shah, Managing Director and Mr. Satish H. Shah, Chief Financial Officer, have certified to the Board in accordance with Regulation 17(8) of SEBI (Listing Obligations and Disclosures) Regulations, pertaining to CEO/CFO certification for the financial year ended 31st March, 2023 is attached herewith as per 'Annexure - D'.

**For and on behalf of the Board of Directors of**  
Shahlon Silk Industries Limited

**Dhirajlal Raichand Shah**

Chairman

Place : Surat

Date : 10.08.2023

(DIN 00010480)

## ANNEXURE - A

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
 (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members,

**SHAHLON SILK INDUSTRIES LIMITED**

**CIN - L17120GJ2008PLC053464**

**REGISTERED OFFICE:** 3rd Floor, Dawer Chambers, Beside J. K. Tower,  
 Khatodara, Ring Road, Surat-395002, Gujarat, India.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **SHAHLON SILK INDUSTRIES LIMITED having CIN L17120GJ2008PLC053464** and having registered office at 3rd Floor Dawer Chambers, Beside J.K. Tower, Ring Road, Khatodara, Surat - 395002, Gujarat, India (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on **31st March 2023**, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No	Name of Directors	Designation	DIN	Date of Appointment In Company
1	Mr. Dhirajlal Raichand Shah	Director	00010480	03.09.2018
2	Mr. Arvind Raichand Shah	Managing Director	00010483	03.09.2018
3	Mr. Nitin Raichand Shah	Wholetime Director	00010487	03.09.2018
4	Ms. Richa Manoj Goyal	Director	00159889	03.09.2018
5	Mr. Rajendra Kundanlal Desai	Director	00198139	03.09.2018
6	Mr. Vaibhav Jayantbhai Mehta	Director	08484567	17.06.2019

Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these, based on my verification. This

certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Signature

**BHAIRAV H SHUKLA**

M.NO. F6212

CP NO. 5820

**UDIN F006212E00077708**

Peer Review Certificate No. 1015/2020

**Place :** Surat

**Date :** 10.08.2023



## ANNEXURE - B

### DECLARATION BY MANAGING DIRECTOR

(PURSUANT TO SCHEDULE V (PART D) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015 REGARDING COMPLIANCE WITH CODE OF CONDUCT)

To

The Board of Directors

Shahlon Silk Industries Limited

I, Arvind Raichand Shah, (DIN 00010483), Managing Director of Shahlon Silk Industries Limited, hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct as applicable to them, for the year ended 31st March, 2023.

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

Shahlon Silk Industries Limited

**Arvind Raichand Shah**

Managing Director

(DIN 00010483)

**Place :** Surat

**Date :** 26th May, 2023

## ANNEXURE - C

### PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

**SHAHLON SILK INDUSTRIES LIMITED**

**CIN:** L17120GJ2008PLC053464

**REGISTERED OFFICE:** 3rd Floor, Dawer Chambers, Beside J. K. Tower,  
Khatodara, Ring Road Surat-395002, Gujarat, India.

I have examined the compliance of the conditions of Corporate Governance by **SHAHLON SILK INDUSTRIES LIMITED [CIN-L17120GJ2008PLC053464]** (‘the Company’) for the year ended on **March 31, 2023**, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate

Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, and the representations made by the Directors and the Management I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2023.

I further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Place :** Surat

**Date :** 10.08.2023

Signature

**BHAIRAV H SHUKLA**

M.NO. F6212

CP NO. 5820

**UDIN F006212E000777587**

Peer Review Certificate No. 1015/2020

## **ANNEXURE - D**

### **CEO'S/ CFO'S CERTIFICATE**

**(Pursuant to Regulation 17(8) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)**

#### **TO WHOM SO EVER IT MAY CONCERN**

We, Arvind R. Shah, Managing Director and Satishkumar H. Shah, Chief Financial Officer, of Shahlon Silk Industries Limited ("the Company"), hereby certify to the Board that:

- a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2023 and that to the best of our knowledge and belief:
  1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We are responsible for establishing and maintaining internal controls for financial reporting in the Company and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
  - 1) Significant changes in internal control over financial reporting during the year;
  - 2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - 3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
- e. We affirm that we have not denied any personnel access to the Audit Committee of the Company.
- f. We further declare that all Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year.

**For and on behalf of the Board of Directors of**  
Shahlon Silk Industries Limited

**Place :** Surat  
**Date:** 26/05/2023

**(Arvind R. Shah)**  
Managing Director

**(Satish H. Shah)**  
Chief Financial Officer

## ANNEXURE - 6

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Global Economy:

The global economy is gradually recovering from the impact of pandemic and at the same time facing new challenges emerging from Russia's invasion of Ukraine. Tightening of monetary policy by most Central Banks is expected to have a positive impact. Despite monetary tightening, inflation is persistent in many key economies and it is anticipated that global inflation will fall from 8.7% last year to 7% this year and settle at around 5% in the year 2024.

#### Indian Economy:

The Indian Economy continues to show resilience amid Global Uncertainties. Despite significant challenges in the global environment, India was one of the fastest growing economies in the world. India's overall growth remains robust and is estimated to be 6.9% for the financial year 2022-23. Growth was driven by strong investment activity augmented by the government's capex push and buoyant private consumption.

Inflation remained high, averaging around 6.7% in FY 2022-23 but the current-account deficit narrowed in Q3 on the back of strong growth in service exports and easing global commodity prices.

Structural reforms like the National Infrastructure Pipeline and National Monetization Plan have been implemented by the Government to boost infrastructure development. It has paved the path for further development and continues to encourage projects across sectors, including reforms for improving labour laws.

V-shaped economic recovery is due to mega vaccination drive, robust recovery in the services sector and growth in consumption and investment coupled with resurgence in high frequency indicators such as power demand, rail freight, GST collection etc. Almost all emerging economies are reeling under these external shocks but India's underlying economic fundamentals are strong and despite the short-term headwinds, the impact on the long-term outlook will be marginal.

#### Indian Textile Industry:

India is the world's second-largest producer of textiles and garments. It is also the sixth-largest exporter of textiles spanning apparel, home and technical products.

The Indian textile and apparel industry is expected to grow at 10% CAGR from 2019-20 to reach US\$ 190 billion by 2025-26. India has a 4% share of the global trade in textiles and apparel. The textiles and apparel industry contribute 2.3% to the country's GDP, 13% to industrial production and 12% to exports. The textile industry has around 45 million of workers employed in the textiles sector, including 3.5 million handloom workers. India's textile and apparel exports (including handicrafts) stood at US\$ 44.4 billion in FY22, a 41% increase YoY. Total textile exports are expected to reach US\$ 65 billion by FY26.

In September 2021, the government approved a Rs. 10,683 crore (US\$ 1.44 billion) production-linked incentive (PLI) scheme for the textiles sector. This will benefit the textile manufacturers registered in India. Incentives under the scheme will be available for five years from 2025-26 to 2029-30 on incremental turnover achieved from 2024-25 to 2028-29. The scheme proposes to incentivise MMF (man-made fibre) apparel, MMF fabrics and 10 segments of technical textiles products. Competitive advantage, robust demand, favourable government policies, increasing investments and urbanization are expected to be the key drivers for revival of the industry.

#### Opportunities, Threats, Risk and concerns:

The Indian textile market is gaining its global share of business as buyers from several countries are strategically replacing China as their primary suppliers by adding additional sourcing countries to their outsourcing portfolios. Indian players are ideally suited competitively to capture a good portion of this global shift.

From allowing 100% FDI in the Indian textile sector to launching various schemes from time to time, the Government of India intends an overall improvement within the Textile Industry. The Production linked Incentive (PLI) Scheme for the textile industry aims to promote the production of higher-value man-made fabrics, garments, and technical textiles. Furthermore, the Government launched the Technology Upgrading Scheme to provide capital subsidies for the better development of the textile industry. Apart from Central Government initiatives, the various State Governments are also encouraging the companies with multiple schemes, tax waivers, and benefits.

Uncertainty prevailing in the world due to Russia-Ukraine war and USA-China Geopolitical tension which can affect the supply chain across the world and materially affect the

prices of yarn and other inputs used in process of manufacturing.

Further, inflation is big concern, which is increasing quarter on quarter which has potential to affect the demand for product and sales.

The company has established network for marketing of its products, wide spread customer base, good market reputation and quality of the products, the company is in a position to pass on increase if any in cost to their customers.

#### Internal Control System and their adequacy:

The Company believes that Internal Control is one of the key pillars of governance, which provides freedom to the management within a framework of appropriate checks and balances. The Company has a robust internal control framework, which has been developed considering the nature, size and risks in the business.

The Company has adequate internal control systems in place and also has reasonable assurance on authorizing, recording and reporting transactions of its operations. The Company has well-placed, proper and adequate internal controls environment, commensurate with its size, scale and complexities of its operations. The Company had already developed and implemented a framework for ensuring internal controls over financial reporting. This framework includes entity level policies, processes and operating level standard operating procedures (SOP). Internal control systems are an integral part of your Company's Corporate Governance structure. Information Technology (IT) policies and processes also ensure that they

mitigate the current business risks. The Company is successfully running ERP software system, supported by BI tools. The systems and processes are continuously improved by adopting best in class processes and automation and implementing the latest IT tools which help further for maintaining financial and commercial discipline. These have been designed to provide reasonable assurance with regard to credibility of data and compliances, inter-alia:

- a) Recording and providing reliable financial and operational information;
- b) Complying with the applicable statutes;
- c) Safeguarding assets from unauthorized use;
- d) Executing transactions with proper authorization, and ensuring compliance with corporate policies;
- e) Prevention and detection of Frauds / errors;
- f) Continuous updating of IT systems.

These are aimed at giving the Audit Committee a reasonable assurance on the reliability of financial reporting and statutory & regulatory compliances, effectiveness and efficiency of your Company's operations. The Internal Financial Control Systems are reviewed periodically and revised to keep in tune with the changing business environment.

Statutory Auditors of the company has conducted audit of internal financial control system over financial reporting and operating effectiveness of such controls. Separate audit report on internal financial control is annexed to Auditors Report and forming part of this report.

#### Financial Performance:

The brief summary of financial statement is reproduced hereunder:

(₹ in Lakhs)

Particulars	FY2022-23	FY2021-22
Revenue from operation	30,862.17	31,304.43
Other Income	34.60	33.78
<b>Total Revenue</b>	<b>30,896.76</b>	<b>31,338.21</b>
Profit (loss) on sale of Assets/Investment	612.78	-
EBITDA	2,841.03	2,988.59
Operational EBITDA	2,228.25	2,988.59
PBT	515.37	575.57
PAT	377.77	317.73

During the year under review, your Company has achieved turnover of Rs.30896.76 lakh as against Rs.31338.21 lakh in the previous year, marginal decrease by 1.41% as compared to previous financial year.

An Earnings before Interest, Depreciation and Tax (EBITDA), during the year under review was Rs.2,228.25 lakh as compared to Rs.2,988.59 lakh in the previous year. During the year under review, there was operational loss of Rs.97.41 as against operating profit of Rs.575.58 lakh for the previous year on account of pressure on operating margins and lower capacity utilisation. During the year, the Company has received a balance sum of Rs.579.77 lakh from National Highway Authorities of India during the first quarter of current financial year 2022-23 towards revised compensation against Land and Building already acquired by the Government of India for Vadodara-Mumbai Express Highway in the financial year 2020-21. Profit after tax for the financial year under review was Rs.377.77 lakh as against Rs.317.73 lakh for the previous year.

#### Outlook:

The Company expects the turnaround to sustain, accompanied by a reduction in fixed costs by improving manufacturing capacity utilisation, cash conservation and non-core asset monetization. However the Company continues to closely monitor impending problems due to factors like inflation, and geopolitical risks, which could affect the business. The health and safety of employees,

customers, suppliers and communities remain a priority. The Company is optimistic for revenue and margins growth in the medium term, strengthening business sustainability.

In the coming year, we are foreseeing increase in demand since few export customers have started shifting their orders from China to India. Indian Government will also promote the export and will provide incentive schemes for exports, which will increase the income and decrease the deficit.

#### Human Resource Development/Industrial Relations:

The industrial relations scenario continued to be largely positive across the manufacturing locations. Significant emphasis was also laid towards raising awareness on health and wellness of employees through annual medical check-ups and health awareness activities.

Shahlon recognizes that its people are most valuable resources and therefore as a policy of nurturing talent and ensuring that there is growth and their capabilities grow in relation to the growth of the company. The human resources function takes into account the capability, commitment and sincerity while evaluating talent within the company and suitable reward structure is in place to ensure maximum employee satisfaction. Regular training programs have been in place to improve the work capability at various levels in order to improve the competencies and skills.

#### Key Financial Ratios:

Particulars	FY 2022-23	FY 2021-22
Debtors Turnover*	130	102
Inventory Turnover	104	114
Interest Coverage Ratio	1.36	1.40
Current Ratio	1.34	1.46
Debt Equity Ratio	1.32	1.54
Operating Profit Margin (%) **	4.28%	6.40%
Net Profit Margin (%)	1.22%	1.01%
details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof	4.01%	3.52%

- \* Debtors turnover days increased on account of slower realizations of debtors due to tight liquidity position in the market.
- \*\* Operating Profit Margin dropped during the year due to increase in input price not correlating with increase in sale price of the goods.

**Forward Looking Statement – Cautionary Statement:**

Certain matters discussed in this report may contain statements regarding the Company's market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy and of the economies of various international markets, the

performance of the industry in India and world-wide, competition, the company's ability to successfully implement its strategy, the Company's future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the Company's market preferences and its exposure to market risks, as well as other risks. The Company's actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Management Discussion and Analysis. The Company assumes no obligation to update any forward-looking information contained in this Management Discussion and Analysis. Any forward-looking statements and projections made by third parties included in this Management Discussion and Analysis are not adopted by the Company and the Company is not responsible for such third party statements and projections.

# INDEPENDENT AUDITOR'S REPORT

TO,

**THE MEMBERS OF,**

**SHAHLON SILK INDUSTRIES LIMITED**

## 1. Report on the Audit of Standalone Financial Statements

### Opinion:

We have audited the accompanying financial statements of **SHAHLON SILK INDUSTRIES LIMITED** ("The Company") which comprises the Balance Sheet as on **31st March 2023**, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act read with Companies (Indian Accounting Standard) Rules 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs of the Company as at **March 31, 2023**, and its **Profit** (financial performance including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

## 2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in

accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

## 3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In the audit of the current period, we do not have observed any key audit matters required to be reported separately.

## 4. Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

## 5. Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, change in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the



Act, read with rule 7 of companies (Accounts) Rules, 2014 and the companies (Indian Accounting Standards) Rules 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The respective Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **6. Auditor's Responsibility**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether

due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for explaining our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimate and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of the misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative

factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## 7. Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies(Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in the paragraph 3 & 4 of the order, to the extent applicable.
- 2) **As required by section 143(3) of the Act, based on our audit we report that:**
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

- b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the companies (Accounts) Rules, 2014, Companies (Indian Accounting Standard) Rules, 2015, as amended.
- e) On the basis of written representations received from the directors as on **31st March, 2023** taken on record by the Board of Directors, none of the directors is disqualified as on **31st March, 2023** from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**";
- g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Point No. II-(N) in notes to accounts regarding Contingent liabilities to the financial statements.
  - (ii) The company did not have any long-term contracts including derivative contracts for which they were any material foreseeable losses under the applicable law or accounting standards.

- (iii) There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the company.
- (iv) a) The management has represented that, to the best of its knowledge and belief, as disclosed in Note No. 27 (7) to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ("Ultimate Beneficiaries") or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- b) The management has represented, that, to the best of its knowledge and belief, as disclosed in Note No. 27 (8) to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
  - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- c) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under above mentioned sub-clause (iv)(a) and (iv)(b) contain any material mis-statement.
- v) The dividend declared and paid during the year by the company is in compliance with section 123 of the companies act, 2013.
- vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
- 3) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:**
- a) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act,.

**For, Rasesh Shah & Associates**

Chartered Accountants

Firm Reg. No.: 0108671W

**(Rasesh B. Shah)**

Partner

**Place :** Surat

Membership No.: 034217

**Date :** 26th May, 2023

UDIN : 23034217BGQKLD5606

## Annexure – A to the Independent Auditor’s Report:

**The Annexure referred to in our report to the members of SHAHLON SILK INDUSTRIES LIMITED for the year ended 31st March, 2023.**

On the basis of the information and explanation given to us during the course of our audit, we report that:

- i. (a) A. The company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-to-use assets.
- B. The company has maintained proper records showing full particulars of intangible assets.
- (b) According to the explanation and information provided by the management Property, Plant and Equipment and relevant details of right-to-use assets have been physically verified by them at reasonable intervals. No material discrepancies were noticed on such verification by the management.
- (c) The title deeds of all the immovable properties (other than properties where the company is the lessee and lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company.
- (d) The Company has not revalued any of its Property, Plant and Equipment (including right-to-use assets) and intangible assets during the year.

Hence Clause (i)(d) of Companies (Auditor’s Report) Order, 2020 is not applicable.

- (e) According to the information and explanations given to us, there are no proceedings initiated or are pending against the company for holding any benami property under the Benami Transactions(Prohibition) Act, 1988 (45 of 1988) and rules made thereunder, Accordingly, Clause (i)(e) of Companies (Auditor’s Report) Order, 2020 is not applicable.

- ii. (a) According to information and explanations given to us, the management of the Company has conducted physical verification at reasonable intervals of inventories during the period and the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to nature and size of the Company and no discrepancies of 10% or more in the aggregate for each class of inventory have been noticed during such verification.
- (b) During the year under consideration, the company has been sanctioned working capital limit in excess of five crore rupees, in aggregate, from banks and financial institutions on the basis of security of current assets; and the quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of accounts of the company.

- iii. a) The company has provided loans & advances in the nature of loans to other parties and the details have been provided as follows :-

(₹ in Lakhs)

Particulars	Guarantees	Security	Loans	Advances in the nature of loans
Aggregate amount granted / provided during the year				
- Subsidiaries	-	-	-	-
- Joint Ventures	-	-	-	-
- Associates	-	-	-	-
- Others (Loans to Staff)	-	-	12.87	-
Balance outstanding as at balance sheet date in respect of above cases:				
- Subsidiaries	-	-	-	-
- Joint Ventures	-	-	-	-
- Associates	-	-	-	-
- Others (Loans to Staff)	-	-	5.15	-

- b) The terms and conditions of the grant of all loans and advances in the nature of loans provided are not prejudicial to the company's interest.
- c) The schedule of repayment of principal and payment of interest has not been stipulated, as loans and advances are in the nature of loans repayable on demand.
- d) Since, all loan are repayable on demand, clause iii(d) is not applicable.
- e) There is no amount in the year under audit which is in the nature of loan granted which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties.
- f) No loans or advances are made to Promoters or Related parties, hence, reporting under clause iii (f) is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has not advanced any loan under section 185 and 186 of the Act. However, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 with respect to investments made, guarantee given and security provided.
- v. The Company has not accepted any deposits or any amount which are deemed to be deposits, during the year and does not have any unclaimed deposits as at March 31, 2023 as per the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under and therefore, Clause 3 (v) of the Companies (Auditor's Report) Order is not applicable.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost

Accounting Records) Rules, 2014 prescribed by the Central Government under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- vii. a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amount deducted/accrued in the books of account in respect of undisputed statutory due including provident fund, employees' state insurance, income tax, goods and service tax, sales tax, service tax, custom duty, duty of excise, value added tax, cess, and other statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, goods and service tax, sales tax, service tax, duty of custom, duty of excise, cess, and other statutory due were in arrears as at 31st March, 2023 for a period of more than six months from the date they became payable

- b) According to the information and explanation given to us, there are no dues of sales tax or wealth tax or service tax or value added tax or cess, which have not been deposited with the appropriate authorities on account of any dispute. However, based on the audit procedure and on the information and explanations given by the management, the following dues of Income Tax, GST, Customs and Excise duty have not been deposited as at 31st March, 2023 by the company on account of disputes:

<b>Nature of The Statute</b>	<b>Nature of The Dues</b>	<b>Period to which the amount relates</b>	<b>Amount</b>	<b>Forum where dispute is pending</b>
Excise Duty Act	Excise Duty	AY 2018-19	9.61 Lakhs	Central Excise & Service Tax Appellate Tribunal
Customs Act	Custom Duty	AY 2015-16	2.58 Lakhs	Commissioner Of Customs (Appeals)
Income Tax Act	Income Tax Demand	AY 2012-13	23.59 Lakhs	Commissioner Of Income Tax (Appeals)
Goods and Service Tax Act	GST	AY 2018-19	424.32 Lakhs	Asst. Commissioner of State Tax

- viii. There were no transaction relating to previously unrecorded income that have been surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us, the company has not taken any funds from any entity or person on account of or to meet the obligation of its subsidiaries, associates or joint ventures. Accordingly, clause 3(ix)(e) of the Order is not applicable.
- (f) In our opinion and according to the information and explanations given to us, the company has not raised loans during the year on the pledge of the securities held in its subsidiaries, joint ventures or associate companies. Accordingly, clause 3(ix)(f) of the Order is not applicable.
- x. (a) On the basis of the information or explanation provided by the management during the course of audit, No money was raised by way of initial public offer (IPO) or further public offer (FPO) (including debt instruments) during the year. Hence Clause x (a) of the Companies (Auditor's Report) Order is not applicable.
- (b) On the basis of the information or explanation provided by the management during the course of audit, The company has not made any preferential allotment or private placement of shares or convertible debentures during the year. Hence Clause x (b) of the Companies (Auditor's Report) Order is not applicable.
- xi. (a) On the basis of the information or explanation provided by the management during the course of audit, no fraud by the company or any fraud on the Company by its officers/employees has been noticed or reported.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in the Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) On the basis of the information or explanation provided by the management during the course of audit, there were no whistle-blower complaints during the year.
- xii. In our opinion, the company is not a nidhi company. Therefore, the provisions of clause (xii) of the Companies (Auditor's Report) Order, 2020 are not applicable to the company.
- xiii. According to the information and explanations given to us all the transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable Ind AS 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. (a) In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business;
- (b) We have considered the internal audit reports of the company issued till date, for the period under audit.
- xv. According to the information and explanations given to us, in our opinion, the Company has not entered into any non-cash transactions with the directors or

persons connected with them covered under Section 192 of the Act. Hence reporting under Clause XV of Companies (Auditor's Report) Order, 2020 is not applicable.

- xvi. According to the information and explanations given to us the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934: The Company has not conducted any Non-Banking Financial or Housing Finance activities during the year; the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting under paragraph (xvi)(a) to (xvi)(d) of the order is not applicable.
- xvii. The company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- xviii. There has not been any resignation of the statutory auditors during the year. Hence Clause xviii of the Companies (Auditor's Report) Order is not applicable
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material

uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. The provisions of CSR as per section 135 of the Companies Act, 2013 are applicable to the company. But the average net profit of last three year is negative; hence there is no requirement to spend on CSR. Hence clause (xx) (a) and clause (xx) (b) of Companies (Auditor's Report) Order, 2020 is not applicable.

**For, Rasesh Shah & Associates**

Chartered Accountants

Firm Reg. No.: : 0108671W

**(Rasesh B. Shah)**

Partner

**Place :** Surat

**Date :** 26th May, 2023

Membership No.: 034217

UDIN : 23034217BGQKLD5606

## Annexure – B to the Independent Auditor’s Report:

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“The Act”)**

We have audited the internal financial controls over financial reporting of **SHAHLON SILK INDUSTRIES LIMITED** (“The Company”) as on March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur



and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at **March 31, 2023** based on the internal control over financial reporting criteria established by the Company considering the

essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For, Rasesh Shah & Associates**

Chartered Accountants

Firm Reg. No.: 0108671W

**(Rasesh B. Shah)**

Partner

**Place :** Surat

Membership No.: 034217

**Date :** 26th May, 2022

UDIN : 23034217BGQKLD5606

# BALANCE SHEET

## AS AT 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS	Note No.	As at March 31, 2023	As at March 31, 2022
<b>I. ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Property, Plant and Equipment	1	8,402.09	9,109.02
(b) Capital Work in Progress	1	31.84	160.10
(c) Intangible Assets	1	14.40	18.85
(d) Intangible Assets under Development	1	-	-
(e) Financial Assets			
(i) Investments	2	83.08	84.98
(ii) Other Financial Assets	3	202.71	249.16
(f) Other Non-Current Assets	4	765.76	840.59
<b>Total Non-Current Assets</b>		<b>9,499.88</b>	<b>10,462.70</b>
<b>(2) CURRENT ASSETS</b>			
(a) Inventories	5	6,457.15	7,033.05
(b) Financial Assets			
(i) Trade Receivables	6	11,861.91	9,514.85
(ii) Cash & Cash Equivalents	7	11.32	23.94
(iii) Bank Balance other than (ii) above	8	83.77	151.69
(iv) Loans		-	-
(v) Other Financial Assets		-	-
(c) Current Tax Assets (Net)		-	-
(d) Other Current Assets	9	700.23	640.50
<b>Total Current Assets</b>		<b>19,114.38</b>	<b>17,364.03</b>
<b>TOTAL ASSETS</b>		<b>28,614.25</b>	<b>27,826.73</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) EQUITY</b>			
(a) Equity Share Capital	10	1,786.05	1,786.05
(b) Other Equity		8,101.49	7,723.08
<b>Total Equity</b>		<b>9,887.54</b>	<b>9,509.13</b>
<b>LIABILITIES</b>			
<b>(2) NON-CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	11	4,162.43	6,083.37
(ii) Other Financial Liabilities		-	-
(b) Provisions		-	-
(c) Deferred Tax Liabilities (Net)	12	105.30	137.99
(d) Other Non Current Liabilities	13	177.88	184.47
<b>Total Non-Current Liabilities</b>		<b>4,445.62</b>	<b>6,405.84</b>

(₹ in Lakhs)

PARTICULARS	Note No.	As at March 31,2023	As at March 31,2022
<b>(3) CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	14	7,376.24	7,163.86
(ii) Trade Payables	15		
- Micro and Small Enterprises		2,903.45	336.54
- Others		1,802.73	2,342.52
(iii) Other Financial Liabilities		-	-
(b) Other Current Liabilities	16	2,088.97	1,910.61
(c) Provisions		-	-
(d) Current Tax Liabilities (Net)		109.70	158.24
<b>Total Current Liabilities</b>		<b>14,281.09</b>	<b>11,911.77</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>28,614.25</b>	<b>27,826.73</b>

**Notes to Accounts & Significant Accounting Policies**

**The Notes No. 1 to 27 are Integrated Part of these Financial Statements**

As per our Report of even date  
**For Rasesh Shah & Associates**  
Chartered Accountants  
Firm Reg. No : 108671W

**CA Rasesh B. Shah**  
**Partner**  
M.NO. : 034217  
Place : Surat  
Date : 26.05.2023

For and on behalf of the Board  
**Shahlon Silk Industries Limited**

**Dhirajlal R. Shah**  
Chairman  
DIN : 00010480

**Hitesh K. Garmora**  
Company Secretary

**Arvind R. Shah**  
Managing Director  
DIN : 00010483

**Satish H. Shah**  
Chief Financial Officer

## STATEMENT OF PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS	Note No.	2022-23	2021-22
<b>INCOME</b>			
I. Revenue From Operation	17	30,862.17	31,304.43
II. Other Income	17	34.60	33.78
III. <b>Total Income (I+II)</b>		<b>30,896.76</b>	<b>31,338.21</b>
<b>IV. EXPENSES</b>			
Cost of Materials Consumed	18	11,481.99	13,081.48
Purchase of Stock-in-trade		10,138.87	9,610.23
Change in Inventories of Finished Goods, Stock-in-trade & Work-in-progress	19	138.55	(978.18)
Employee Benefits Expenses	20	3,069.01	3,074.72
Finance Costs	21	1,420.28	1,430.61
Depreciation and Amortisation Expense	22	905.38	982.40
Other Expenses	23	3,840.10	3,561.38
<b>Total Expenses (IV)</b>		<b>30,994.17</b>	<b>30,762.63</b>
<b>V. Profit before Exceptional Items and Tax (III-IV)</b>		<b>(97.41)</b>	575.58
<b>VI. Exceptional Items</b>			
Profit/(Loss) on sale of Assets / Investment		612.78	-
<b>VII. Profit Before Tax (V-VI)</b>		<b>515.37</b>	575.58
<b>VIII. Tax Expenses</b>			
Current Tax		170.29	209.37
Excess provision/shortfall for taxation		-	49.28
Deferred Tax		(32.69)	(0.81)
<b>IX. Profit for the Year (VII-VIII)</b>		<b>377.77</b>	317.73
<b>X. Other Comprehensive Income</b>			
<b>(I) Items that will not be reclassified to profit or loss</b>			
Actuarial (loss)/gain on defined benefit obligation		54.23	31.67
<b>Total Other Comprehensive Income for the year (X)</b>		<b>54.23</b>	31.67
<b>XI. Total Comprehensive Income for the year (IX+X)</b>		<b>432.00</b>	349.40
<b>XII. Earnings Per Equity Share :</b>			
(I) Basic	24	0.42	0.36
(ii) Diluted		0.42	0.36

### Notes to Accounts & Significant Accounting Policies

The Notes No. 1 to 27 are Integrated Part of these Financial Statements

As per our Report of even date  
**For Rasesh Shah & Associates**  
Chartered Accountants  
Firm Reg. No : 108671W

**CA Rasesh B. Shah**  
**Partner**

M.NO. : 034217  
Place : Surat  
Date : 26.05.2023

For and on behalf of the Board  
**Shahlon Silk Industries Limited**

**Dhirajlal R. Shah**  
Chairman  
DIN : 00010480

**Hitesh K. Garmora**  
Company Secretary

**Arvind R. Shah**  
Managing Director  
DIN : 00010483

**Satish H. Shah**  
Chief Financial Officer

## CASH FLOW STATEMENT ANNEXED TO THE FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2023

PARTICULARS	2022-2023 (₹ in Lakhs)	2021-2022 (₹ in Lakhs)
<b>(A) Cash Flow from Operating Activities :</b>		
Net profit before Tax and Extraordinary Items	(43.18)	607.24
<u>Adjusted For :</u>		
Depreciation	905.38	982.40
Interest Paid	1,420.28	1,430.61
Proportionate Capital Subsidy on Plant Machinery	(6.59)	(6.59)
Extra ordinary item ((Profit)/loss on sale of assets)	(23.16)	(34.04)
Operating Profit before Working Capital Charges	<u>2,252.74</u>	<u>2,979.62</u>
<u>Adjusted For :</u>		
Trade and other receivables	(2,406.79)	266.89
Inventories	575.90	(1,188.09)
Trade payables & Provisions	1,984.17	442.25
Cash Generated From Operations	<u>2,406.02</u>	<u>2,500.67</u>
Interest Paid on operations	(1,025.55)	(1,147.93)
Cash flow before Extraordinary items	<u>1,380.47</u>	<u>1,352.74</u>
Short Provision for taxation ( Earlier Year )	-	(49.28)
Current tax	(170.29)	(209.37)
Net Cash from Operating Activities	<u>1,210.18</u>	<u>1,094.09</u>
<b>(B) Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(235.51)	(142.01)
Sales of Fixed Assets	805.69	89.71
(Purchase) / Sales of Investments	1.90	-
Long Term Advances	97.84	(94.94)
Net Cash used in Investing Activities	<u>669.92</u>	<u>(147.23)</u>
<b>(C) Cash Flow from Financing Activities</b>		
Repayment of Finance / Lease / Loan (Net)	(1,748.17)	1,601.84
Short Term Loan	212.38	(2,172.33)
Interest Paid on Term Loan	(394.73)	(282.67)
Dividend Paid	(53.58)	(44.65)
Net Cash used in Financial Activities	<u>(1,984.10)</u>	<u>(897.82)</u>

<b>PARTICULARS</b>	<b>2022-2023 (₹ in Lakhs)</b>	<b>2021-2022 (₹ in Lakhs)</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A)+(B)+(C)</b>	<b>(103.99)</b>	49.03
<b>Opening Cash and Cash Equivalents</b>	<b>289.32</b>	240.29
<b>Add: On Amalgamation</b>	-	-
<b>Closing Cash and Cash Equivalents</b>	<b>185.33</b>	289.32

As per our Report of even date  
**For Rasesh Shah & Associates**  
Chartered Accountants  
Firm Reg. No : 108671W

**CA Rasesh B. Shah**  
**Partner**  
M.NO. : 034217  
Place : Surat  
Date : 26.05.2023

For and on behalf of the Board  
**Shahlon Silk Industries Limited**

**Dhirajlal R. Shah**  
Chairman  
DIN : 00010480

**Hitesh K. Garmora**  
Company Secretary

**Arvind R. Shah**  
Managing Director  
DIN : 00010483

**Satish H. Shah**  
Chief Financial Officer

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31ST MARCH, 2023

**A. EQUITY SHARE CAPITAL**

As at 31.03.2023

(₹ in Lakhs)

Balance at the beginning of the reporting period i.e. 1st April 2022	Changes in equity share capital during the year 2022-23	Balance at the end of the reporting period 31st March 2023
1786.05	-	1786.05

As at 31.03.2022

(₹ in Lakhs)

Balance at the beginning of the reporting period i.e. 1st April 2021	Changes in equity share capital during the year 2021-22	Balance at the end of the reporting period 31st March 2022
1786.05	-	1786.05

**(1) Current reporting period**
**B. OTHER EQUITY**

(₹ in Lakhs)

	Reserve and Surplus		Capital Reserve on Amalgamation	Revaluation Surplus	Other Comprehensive Income	Total
	Securities Premium Reserve	Retained Earnings				
<b>Balance as at 01.04.2022</b>	<b>310.86</b>	<b>2,457.65</b>	<b>4,421.69</b>	<b>487.29</b>	<b>45.59</b>	<b>7,723.08</b>
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-
Total Comprehensive Income for the year	-	377.77	-	-	-	377.77
Dividends	-	(53.58)	-	-	-	(53.58)
Tax on Dividends	-	-	-	-	-	-
Transfer to retained earnings	-	21.02	-	(21.02)	-	-
On Issue of Bonus Share	-	-	-	-	-	-
Transferred to issued capital	-	-	-	-	-	-
Movement in OCI during the year	-	-	-	-	54.23	54.23
<b>Balance at the end of the reporting period 31.03.2023</b>	<b>310.86</b>	<b>2,802.86</b>	<b>4,421.69</b>	<b>466.26</b>	<b>99.82</b>	<b>8,101.49</b>

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31ST MARCH, 2023

**(2) Previous reporting period**
**(₹ in Lakhs)**

	Reserve and Surplus		Capital Reserve on Amalgamation	Revaluation Surplus	Other Comprehensive Income	Total
	Securities Premium Reserve	Retained Earnings				
<b>Balance as at 01.04.2021</b>	<b>310.86</b>	<b>2,160.92</b>	<b>4,421.69</b>	<b>510.94</b>	<b>13.92</b>	<b>7,418.33</b>
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-
Total Comprehensive Income for the year	-	317.73	-	-	-	317.73
Dividends	-	(44.65)	-	-	-	(44.65)
Tax on Dividends	-	-	-	-	-	-
Transfer to retained earnings	-	23.65	-	(23.65)	-	-
On Issue of Bonus Share	-	-	-	-	-	-
Transferred to issued capital	-	-	-	-	-	-
Movement in OCI during the year	-	-	-	-	31.67	31.67
<b>Balance at the end of the reporting period 31.03.2022</b>	<b>310.86</b>	<b>2,457.65</b>	<b>4,421.69</b>	<b>487.29</b>	<b>45.59</b>	<b>7,723.08</b>

**Notes to Accounts & Significant Accounting Policies**
**The Notes No. 1 to 27 are Integrated Part of these Financial Statements**

As per our Report of even date  
**For Rasesh Shah & Associates**  
 Chartered Accountants  
 Firm Reg. No : 108671W

**CA Rasesh B. Shah**  
**Partner**  
 M.NO. : 034217  
 Place : Surat  
 Date : 26.05.2023

For and on behalf of the Board  
**Shahlon Silk Industries Limited**

**Dhirajlal R. Shah**  
 Chairman  
 DIN : 00010480

**Hitesh K. Garmora**  
 Company Secretary

**Arvind R. Shah**  
 Managing Director  
 DIN : 00010483

**Satish H. Shah**  
 Chief Financial Officer



**NOTES TO AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023**
**1. PROPERTY, PLANT & EQUIPMENT**

(₹ in Lakhs)

SR. NO.	PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK			
		As at 01.04.2022	Addition	Disposals	As at 31.03.2023	Upto 31.03.2022	For the Period	Deduct	Upto 31.03.2023	As At 31.03.2023	As At 31.03.2022
	<b>TANGIBLE ASSETS:-</b>										
1	LEASE-HOLD LAND [Value of the land is represented in the form of shares allotted by the Lessor in consideration of the lease rights given to the Lessee]	-	-	-	-	-	-	-	-	-	-
2	Land	1,691.51	139.11	153.77	1,676.85	-	-	-	-	1,676.85	1,691.51
3	Lease Hold Land Apparel Park (SEZ)	1,085.69	-	-	1,085.69	-	-	-	-	1,085.69	1,085.69
4	Building	4,309.01	16.30	-	4,325.32	2,585.88	195.83	-	2,781.71	1,543.61	1,723.13
5	Plant & Machinery	11,666.97	190.68	100.97	11,756.68	8,010.12	550.41	86.33	8,474.19	3,282.49	3,656.86
6	Wind Mill	2,412.31	-	-	2,412.31	1,622.15	106.13	-	1,728.29	684.02	790.15
7	Natural Gas Based Handset	2.82	-	-	2.82	2.13	-	-	2.13	0.70	0.70
8	Waste Heat Recovery	1.36	-	-	1.36	1.31	-	-	1.31	0.05	0.05
9	Office Equipment	208.13	11.48	5.20	214.41	188.25	8.52	5.04	191.73	22.68	19.88
10	Computer	234.42	0.78	9.79	225.42	220.32	5.34	9.74	215.92	9.51	14.10
11	Vehicles	351.28	0.86	-	352.14	259.07	27.86	-	286.93	65.21	92.21
12	Furniture & Fixtures	125.19	2.26	-	127.45	110.27	3.47	-	113.73	13.72	14.92
13	Beam Pipe	132.83	2.28	27.15	107.97	113.02	3.38	26.00	90.40	17.57	19.81
	<b>SUB-TOTAL (A): -</b>	<b>22,221.53</b>	<b>363.76</b>	<b>296.88</b>	<b>22,288.41</b>	<b>13,112.51</b>	<b>900.93</b>	<b>127.12</b>	<b>13,886.32</b>	<b>8,402.09</b>	<b>9,109.02</b>
1	<b>INTANGIBLE ASSETS:-</b>										
	Computer (Intangible)	93.42	-	-	93.42	74.57	4.45	-	79.02	14.40	18.85
	<b>SUB-TOTAL (B): -</b>	<b>93.42</b>	<b>-</b>	<b>-</b>	<b>93.42</b>	<b>74.57</b>	<b>4.45</b>	<b>-</b>	<b>79.02</b>	<b>14.40</b>	<b>18.85</b>
	<b>GRAND TOTAL (A+B): -</b>	<b>22,314.95</b>	<b>363.76</b>	<b>296.88</b>	<b>22,381.83</b>	<b>13,187.08</b>	<b>905.38</b>	<b>127.12</b>	<b>13,965.34</b>	<b>8,416.49</b>	<b>9,127.87</b>
	Last Year Detail (₹ in lakhs)	<b>22,081.49</b>	<b>399.65</b>	<b>166.19</b>	<b>22,314.95</b>	<b>12,315.19</b>	<b>982.40</b>	<b>110.51</b>	<b>13,187.08</b>	<b>9,127.87</b>	<b>9,766.30</b>

(₹ in Lakhs)

**CAPITAL WORK IN PROGRESS : AGEING**

Particulars	Amount in CWIP for a period of 2022-23				Amount in CWIP for a period of 2021-22				Total
	Less than 1 year	1-2 year	2-3 years	More than 3 years	Less than 1 year	1-2 year	2-3 years	More than 3 years	
Plant and Machinery for Projects in Progress	0.45	2.83	1.01	-	41.22	3.30	55.02	-	<b>99.54</b>
Projects Temporarily suspended	-	27.55	-	-	-	27.55	-	33.00	<b>60.55</b>

Notes: **1.1** For properties pledge as securities Refer Note No. 11.

**1.2** Depreciation on revalued portion of Fixed Assets calculated on written down method over balance useful life of assets, is transferred from revaluation reserve to the Profit & Loss Amounting to ₹ 21.02 lakhs (PY. ₹ 23.65 lakhs)

**1.3** The company has acquired 99 years leasehold right of Plot No. Composite Unit 1 & 2, Plot Nos. 3, 4, 5/A & 15, Fairdeal Textile Park, Village: Mahuvej, Taluka: Mangrol, Dist.: Surat, by subscribing to the shares of Fairdeal Textile Park Pvt. Ltd. All the risk and rewards of the leasehold land has been transferred to the Company. The life of leasehold land has been considered beyond estimate because of the period of lease being 99 years and renewable thereafter gives the Company ownership of the plot in perpetuity. The leasehold land has been recognised as finance lease at nil value and the value of shares by virtue of which the Company acquired the leasehold right has been recognised in non-current asset at their historical cost.

**NOTES TO AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2022**
**1. PROPERTY, PLANT & EQUIPMENT**

(₹ in Lakhs)

SR. NO.	PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK			
		As at 01.04.2021	Addition	Disposals	As at 31.03.2022	Upto 31.03.2021	For the Period	Deduct	Upto 31.03.2022	As At 31.03.2022	As At 31.03.2021
	<b>TANGIBLE ASSETS:-</b>										
1	LEASE-HOLD LAND [Value of the land is represented in the form of shares allotted by the Lessor in consideration of the lease rights given to the Lessee]	-	-	-	-	-	-	-	-	-	-
2	Land	1,691.51	-	-	1,691.51	-	-	-	-	1,691.51	1,691.51
3	Lease Hold Land Apparel Park (SEZ)	1,085.69	-	-	1,085.69	-	-	-	-	1,085.69	1,085.69
4	Building	4,298.02	10.99	-	4,309.01	2,360.99	224.89	-	2,585.88	1,723.13	1,937.03
5	Plant & Machinery	11,470.82	334.20	138.05	11,666.97	7,522.11	579.77	91.76	8,010.12	3,656.86	3,948.71
6	Wind Mill	2,412.31	-	-	2,412.31	1,499.11	123.05	-	1,622.15	790.15	913.20
7	Natural Gas Based Handset	2.82	-	-	2.82	2.13	-	-	2.13	0.70	0.70
8	Waste Heat Recovery	1.36	-	-	1.36	1.31	-	-	1.31	0.05	0.05
9	Office Equipment	201.88	7.43	1.18	208.13	182.17	7.13	1.05	188.25	19.88	19.71
10	Computer	236.78	6.13	8.48	234.42	222.57	6.15	8.39	220.32	14.10	14.21
11	Vehicles	337.38	32.37	18.48	351.28	238.90	28.19	8.03	259.07	92.21	98.48
12	Furniture & Fixtures	119.65	5.54	-	125.19	106.40	3.86	-	110.27	14.92	13.25
13	Beam Pipe	129.85	2.98	-	132.83	110.51	3.78	1.28	113.02	19.81	19.34
	<b>SUB-TOTAL (A): -</b>	<b>21,988.07</b>	<b>399.65</b>	<b>166.19</b>	<b>22,221.53</b>	<b>12,246.21</b>	<b>976.82</b>	<b>110.51</b>	<b>13,112.51</b>	<b>9,109.02</b>	<b>9,741.86</b>
1	<b>INTANGIBLE ASSETS:-</b>										
	Computer (Intangible)	93.42	-	-	93.42	68.98	5.58	-	74.57	18.85	24.44
	<b>SUB-TOTAL (B): -</b>	<b>93.42</b>	<b>-</b>	<b>-</b>	<b>93.42</b>	<b>68.98</b>	<b>5.58</b>	<b>-</b>	<b>74.57</b>	<b>18.85</b>	<b>24.44</b>
	<b>GRAND TOTAL (A+B): -</b>	<b>22,081.49</b>	<b>399.65</b>	<b>166.19</b>	<b>22,314.95</b>	<b>12,315.19</b>	<b>982.40</b>	<b>110.51</b>	<b>13,187.08</b>	<b>9,127.87</b>	<b>9,766.30</b>
	Last Year Detail (₹ in lakhs)	22,497.19	274.67	690.36	22,081.49	11,377.12	1,110.60	172.53	12,315.19	9,766.30	11,120.06

(₹ in Lakhs)

**CAPITAL WORK IN PROGRESS : AGEING**

Particulars	Amount in CWIP for a period of 2021-22				Amount in CWIP for a period of 2020-21				Total	
	Less than 1 year	1-2 year	2-3 years	More than 3 years	Less than 1 year	1-2 year	2-3 years	More than 3 years		
Plant and Machinery for	41.22	3.30	55.02	-	148.47	226.29	9.97	-	<b>99.54</b>	<b>384.73</b>
Projects in Progress	-	-	-	-	-	-	-	-	<b>60.55</b>	<b>33.00</b>
Projects Temporarily suspended	-	27.55	-	33.00	-	-	33.00	-	<b>60.55</b>	<b>33.00</b>

Notes: **1.1** For properties pledge as securities Refer Note No. 11.

**1.2** Depreciation on revalued portion of Fixed Assets calculated on written down method over balance useful life of assets, is transferred from revaluation reserve to the Profit & Loss Amounting to ₹ 23.65 lakhs (PY. ₹ 26.62 lakhs)

**1.3** The company has acquired 99 years leasehold right of Plot No. Composite Unit 1 & 2, Plot Nos. 3, 4, 5/A & 15, Fairdeal Textile Park, Village: Mahuvej, Taluka: Mangrol, Dist.: Surat, by subscribing to the shares of Fairdeal Textile Park Pvt. Ltd. All the risk and rewards of the leasehold land has been transferred to the Company. The life of leasehold land has been considered beyond estimate because of the period of lease being 99 years and renewable thereafter gives the Company ownership of the plot in perpetuity. The leasehold land has been recognised as finance lease at nil value and the value of shares by virtue of which the Company acquired the leasehold right has been recognised in non-current asset at their historical cost.

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS	As at March 31,2023	As at March 31,2022
<b>2 NON CURRENT INVESTMENTS</b>		
31500 (31500) Shares of Fairdeal Eco Infra Pvt. Ltd.	3.15	3.15
64830 (64830) Shares of The Cosmos Co-Op. Bank Ltd.	79.93	79.93
Capital Contribution of Shahlon Enterprises LLP	-	1.90
<b>TOTAL</b>	<b>83.08</b>	<b>84.98</b>

PARTICULARS	As at March 31,2023	As at March 31,2022
<b>3 OTHER FINANCIAL ASSETS</b>		
Bank Deposits with more than 12 months maturity	90.24	113.69
Agency Deposits	112.46	135.47
<b>TOTAL</b>	<b>202.71</b>	<b>249.16</b>

PARTICULARS	As at March 31,2023	As at March 31,2022
<b>4 OTHER NON CURRENT ASSETS (Unsecured and Considered Good)</b>		
Keyman Insurance Premium	135.48	211.11
779797 (779797) Shares of Fairdeal Textile Park Pvt. Ltd. (Refer Note 1.3)	380.49	380.49
107000 (107000) Shares of Shahlon Textile Park Pvt.Ltd.	10.70	10.70
Utility Deposits	239.08	238.29
<b>TOTAL</b>	<b>765.76</b>	<b>840.59</b>

PARTICULARS	As at March 31,2023	As at March 31,2022
<b>5 INVENTORIES</b>		
Raw Materials	932.58	1,359.89
Work-in-progress	261.55	195.92
Finished Goods	2,873.02	3,116.12
Stock- in-trade	2,094.38	2,055.45
Consumable Stores etc.	295.62	305.66
<b>TOTAL</b>	<b>6,457.15</b>	<b>7,033.05</b>

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS	As at March 31,2023	As at March 31,2022
<b>6 TRADE RECEIVABLES (Unsecured and Considered Good)</b>		
Trade Receivables - Considered Good	11,861.91	9,514.85
Trade receivables - credit impaired	7.79	38.67
Expected credit loss allowance	(7.79)	(38.67)
<b>TOTAL</b>	<b>11,861.91</b>	<b>9,514.85</b>

#### 6.1 Trade Receivables Ageing Schedule

(₹ in Lakhs)

Particulars	Outstanding for following period from Due date of Payment As at 31st March'2023					Total
	Less than 6 Months	6 Months to Year	1-2 year	2-3 years	More than 3 years	
(I) Undisputed Trade receivables – considered good	10,167.40	229.61	478.33	124.30	862.26	<b>11,861.91</b>
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	<b>7.79</b>
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	
(vi) Disputed Trade Receivables – credit impaired						
<b>TOTAL</b>	<b>10,167.40</b>	<b>229.61</b>	<b>478.33</b>	<b>124.30</b>	<b>862.26</b>	<b>11,869.70</b>
Less : Allowances for Bad and Doubt Ful debts						<b>7.79</b>
<b>TOTAL TRADE RECIVABLE</b>						<b>11,861.91</b>

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

Particulars	Outstanding for following period from Due date of Payment As at 31st March'2022					Total
	Less than 6 Months	6 Months to Year	1-2 year	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	8,092.42	146.93	138.21	105.52	1,031.78	<b>9,514.85</b>
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	<b>38.67</b>
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>TOTAL</b>	<b>8,092.42</b>	<b>146.93</b>	<b>138.21</b>	<b>105.52</b>	<b>1,031.78</b>	<b>9,553.53</b>
Less : Allowances for Bad and Doubt Ful debts						<b>38.67</b>
<b>TOTAL TRADE RECIVABLE</b>						<b>9,514.85</b>

Note: Expected credit loss (ECL):

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. Before accepting any new customer, the Company uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits for each customer. Limits and scoring attributed to customers are reviewed once a year.

As a practical expedient, the Company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL allowance (or reversal) during the year is recognized in the statement of profit and loss.

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

PARTICULARS	As at March 31,2023	As at March 31,2022
<b>Movement in the expected credit loss allowance</b>		
Balance at the beginning of the year	38.67	77.62
Add : Allowances for Expected credit loss during the year	234.00	153.85
Less: Bad debts written off during the year	264.89	192.80
Balance at the end of the year	7.79	38.67

PARTICULARS	As at March 31,2023	As at March 31,2022
<b>7 CASH AND CASH EQUIVALENTS</b>		
a) Balance with Banks in Current Accounts	-	0.17
b) Balance with Banks in Unpaid Dividend Accounts	8.81	9.38
c) Cash in Hand	2.51	14.39
<b>TOTAL</b>	<b>11.32</b>	23.94

PARTICULARS	As at March 31,2023	As at March 31,2022
<b>8 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS</b>		
Fixed Deposit with scheduled Bank	83.77	151.69
<b>TOTAL</b>	<b>83.77</b>	151.69

PARTICULARS	As at March 31,2023	As at March 31,2022
<b>9 OTHER CURRENT ASSETS (Unsecured and Considered Good)</b>		
Prepaid Expenses	53.24	52.67
Cenvat Availied	3.39	3.39
GST Receivables	75.36	57.05
Advances Against Goods	107.25	134.99
Interest Subsidy Receivables	164.23	164.23
Export Excise Rebate/GST Receivable	111.24	118.26
Others (Refer Note 9.1)	185.52	109.91
<b>TOTAL</b>	<b>700.23</b>	640.50

9.1 Others includes Loans and Advances given to employees amounting to ₹ 5.15 Lakhs ( P.Y. ₹ 6.71 Lakhs) valued at actual amount of outflow.



## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

PARTICULARS	As at March 31,2023	As at March 31,2022
<b>10 EQUITY SHARE CAPITAL</b>		
<b><u>Authorised</u></b>		
16,00,00,000 Equity Shares of ₹2/- each	3,200.00	3,200.00
(P.Y. 16,00,00,000 Equity Shares of ₹2/- each)		
<b>TOTAL</b>	<b>3,200.00</b>	3,200.00
<b><u>Issued, Subscribed and Fully Paid-up</u></b>		
8,93,02,450 Equity Shares of ₹2/- each	1,786.05	1,786.05
(P.Y. 8,93,02,450 Equity Shares of ₹2/- each)		
<b>TOTAL</b>	<b>1,786.05</b>	1,786.05

### 10.1 List of Shareholders holding more than 5% shares in the Company.

(₹ in Lakhs)

Sr. No.	Name of Shareholder	31/03/2023		31/03/2022	
		Number of shares	Percentage	Number of shares	Percentage
1	NITIN RAICHAND SHAH	85,86,280	9.61	85,86,280	9.61
2	JAYANTILAL RAICHAND SHAH	67,20,975	7.53	67,20,975	7.53
3	MAHENDRA RAICHAND SHAH.	64,00,155	7.17	64,00,155	7.17
4	DHIRAJLAL RAICHAND SHAH	56,14,900	6.29	56,14,900	6.29
5	DIPAN JAYANTILAL SHAH	51,55,165	5.77	51,55,165	5.77

#### • A Reconciliation Statement of No. of Outstanding Shares

PARTICULARS	As at March 31,2023	As at March 31,2022
Equity Shares of Face Value of Rs.2/- each (PY Rs.10/- each) outstanding at the beginning of the year (Refer Note 10.2(a))	8,93,02,450	1,78,60,490
Equity Shares of Face Value of Rs.2/- each Outstanding at the end of the year	8,93,02,450	8,93,02,450

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2023

- 10.2** a) The Board of Directors at their Meeting held on June 29, 2021 approved the sub-division of each equity share of face value of Rs. 10/- fully paid up into 5 equity shares of face value of Rs. 2/- each fully paid up. The same had been approved by the Members at the Annual General Meeting held on September 30, 2021. Equity shares of the Company have been sub-divided from record date 12th November, 2021.
- b) The Company has one class of Shares referred to as Equity Shares having a par value of Rs. 2 each. Each shareholder is entitled to one vote per Share held. The Dividend as and when proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting.

#### Shares held by promoters at the end of the year

Sr. No.	Name of Promoters	As at March 31, 2023		As at March 31, 2022		% Change during the year
		Number of shares	% of total shares	Number of shares	% of total shares	
1	NITIN RAICHAND SHAH .	85,86,280	9.61%	85,86,280	9.61%	-
2	JAYANTILAL RAICHAND SHAH .	67,20,975	7.53%	67,20,975	7.53%	-
3	MAHENDRA RAICHAND SHAH .	64,00,155	7.17%	64,00,155	7.17%	-
4	DHIRAJLAL RAICHAND SHAH .	56,14,900	6.29%	56,14,900	6.29%	-
5	SHAH DIPAN JAYANTILAL .	51,55,165	5.77%	51,55,165	5.77%	-
6	ARVIND RAICHAND SHAH .	36,19,150	4.05%	35,35,900	3.96%	0.09%
7	AVANI ARVIND SHAH .	24,34,310	2.73%	24,34,310	2.73%	-
8	ARVIND RAICHAND SHAH PARTNER OF LOTUS MARKETING	20,12,500	2.25%	20,12,500	2.25%	-
9	BIREN JAYANTILAL CHHEDA .	18,00,000	2.02%	12,75,000	1.43%	0.59%
10	HARSH MAHENDRA SHAH .	17,76,570	1.99%	17,76,570	1.99%	-
11	MEENA MAHENDRA SHAH .	17,18,835	1.92%	17,18,835	1.92%	-
12	SHAH RAICHAND KANJI HUF .	16,20,000	1.81%	16,20,000	1.81%	-
13	SHAH MAHENDRA RAICHAND HUF .	14,51,250	1.63%	14,51,250	1.63%	-
14	SMITA BIREN CHHEDA .	14,47,500	1.62%	9,22,500	1.03%	0.59%
15	KANCHAN DHIRAJLAL SHAH .	13,99,195	1.57%	13,99,195	1.57%	-
16	SHAH DHARUV ARVIND .	13,98,416	1.57%	13,13,590	1.47%	0.09%
17	SHAH JAYANTILAL RAICHAND HUF	13,76,250	1.54%	13,76,250	1.54%	-
18	MINAXI NITIN SHAH .	13,66,280	1.53%	13,66,280	1.53%	-
19	PRAVINCHANDRA RAYCHAND CHHEDA .	12,70,460	1.42%	12,70,460	1.42%	-
20	SHAH ARVIND RAICHAND HUF .	10,51,250	1.18%	10,51,250	1.18%	-
21	SHAH NITIN RAICHAND HUF .	9,76,250	1.09%	9,76,250	1.09%	-
22	DAMYANTI JAYANTILAL SHAH .	9,44,310	1.06%	9,44,310	1.06%	-
23	CHHEDA PRAVINCHANDRA RAYCHAND HUF .	8,75,000	0.98%	8,75,000	0.98%	-
24	SHAH DHIRAJLAL RAICHAND HUF .	8,63,750	0.97%	8,63,750	0.97%	-
25	SONAL DIPAN SHAH .	7,68,740	0.86%	7,68,740	0.86%	-
26	SHAH DIPAN JAYANTILAL HUF .	6,76,250	0.76%	6,76,250	0.76%	-
27	RAVI MAHENDRA SHAH .	4,98,125	0.56%	4,98,125	0.56%	-
28	ANANT ZAVERCHAND GADA	1,20,435	0.13%	1,20,435	0.13%	-
29	LEWELLYN JOSEPH REGO	1,00,000	0.11%	1,00,000	0.11%	-
30	DINESH MICHAEL REGO	42,983	0.05%	48,890	0.05%	-0.01%
31	JINESH FULCHANDBHAI SHAH	35,000	0.04%	35,000	0.04%	-
32	DHAVAL JINESH SHAH	29,945	0.03%	29,945	0.03%	-
33	JAYABEN JINESHBHAI SHAH	25,000	0.03%	25,000	0.03%	-
34	BHAVINI DHAVAL SHAH	18,030	0.02%	18,030	0.02%	-
35	JENIL SHAH	10,625	0.01%	10,625	0.01%	-
36	BIREN JAYANTILAL SHAH HUF	-	0.00%	10,50,000	1.18%	-1.18%
	<b>TOTAL NO OF SHARES HELD BY PROMOTERS</b>	<b>6,42,03,884</b>	<b>71.89%</b>	<b>6,40,41,715</b>	<b>71.71%</b>	<b>0.18%</b>

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS	As at March 31,2023	As at March 31,2022
<b><u>OTHER EQUITY</u></b>		
<b><u>Capital Reserve on Amalgamation</u></b>		
Opening Balance	4,421.69	4,421.69
<b>TOTAL (A)</b>	<b>4,421.69</b>	<b>4,421.69</b>
<b><u>Securities Premium Reserve</u></b>		
Opening Balance	310.86	310.86
Add: Addition during the year	-	-
Less: Amount capitalised on Issue of Bonus Shares	-	-
<b>TOTAL (B)</b>	<b>310.86</b>	<b>310.86</b>
<b><u>Revaluation Reserve Account</u></b>		
Opening Balance	487.29	510.94
Add: Addition during the year	-	-
Less: Transfer to Profit and Loss A/C	-	-
Less: Reversal during the year	(21.02)	(23.65)
<b>TOTAL (C)</b>	<b>466.26</b>	<b>487.29</b>
<b><u>Retained Earnings</u></b>		
As per Last Balance Sheet	2,457.65	2,160.92
Add: Profit/(Loss) for the year	377.77	317.73
Add: Depreciation on Fixed Assets Revaluation	21.02	23.65
Less: Dividend Paid during the year	53.58	44.65
Tax on Dividend Paid	-	-
<b>TOTAL (D)</b>	<b>2,802.86</b>	<b>2,457.65</b>
<b><u>Other Comprehensive Income (OCI)</u></b>		
As Per Last Balance Sheet	45.59	13.92
Add: Movement in OCI during the year	54.23	31.67
<b>TOTAL (E)</b>	<b>99.82</b>	<b>45.59</b>
<b>TOTAL (A+B+C+D+E)</b>	<b>8,101.49</b>	<b>7,723.08</b>

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS	As at March 31,2023	As at March 31,2022
<b>11 FINANCIAL LIABILITIES</b>		
<b>BORROWING</b>		
<b>Secured - At amortised cost</b>		
* (a) <b>Term Loan</b>		
Bank of Baroda (Refer Note No. 11.2.c)	2,812.99	3,525.91
The Cosmos Co-op. Bank Ltd. (Refer Note No. 11.2.a)	252.23	768.47
Mortgage Loan from The Cosmos Co-op. Bank Ltd.	127.94	560.12
* (b) <b>Corporate Loan</b>		
Bank of Baroda (Refer Note No. 11.2.c)	-	128.86
* (c) <b>Vehicle Loan</b>		
Vehicle Loan (Refer Note No. 11.2.b)	16.91	22.46
<b>TOTAL (A)</b>	<b>3,210.08</b>	5,005.82
<b>Unsecured - At amortised cost</b>		
(a) From Company / Bank / LIC of India	715.35	712.86
(b) From Directors / Promoters and their relatives	237.00	364.69
<b>TOTAL (B)</b>	<b>952.35</b>	1,077.54
<b>TOTAL (A+B)</b>	<b>4,162.43</b>	6,083.37

#### 11.1 Maturity Profile of Term loans/Unsecured loans are set out below :

	Maturity Profile		Non Current Total
	6-10 Years	2-5 Years	
Long Term Secured Loan	-	3,210.08	3,210.08
Long Term Unsecured Loan	952.35	-	952.35

#### 11.2 Security Details for secured loan

a) Term Loans facilities from The Cosmos Co-op. Bank Ltd. is secured by Hypothecation of Raw Materials, Stock-in-Process, Finished Goods, Book Debts, Plant and Machinery, 1.25 MW Windmill situated at Village: Bhogat, Taluka: Kalyanpur, Dist: Jamnagar, 0.6 MW Windmill situated at Village: Suthari, Taluka: Abdasa, Dist.: Kutch, 2.10 MW Windmill situated at Village: Valsara, Taluka: Abdasa, Dist.: Kutch AND Equitable Mortgage of Factory Land & Building situated at Block No. 297 & 298, Limodara Patiya, Village: Karanj, Taluka: Mandvi, Dist.:Surat and Leasehold rights over Land & Building situated at Plot No. 72 to 86, Apparel Park, Sachin (SEZ), Dist.: Surat and at Composite Unit 2, Plot No. 3, Plot No. 4, Plot No. 5/A and Plot No. 15 at Fairdeal Textile Park, Village: Mahuvej, Taluka: Mangrol, Dist.: Surat, Office Premises at T.P. Scheme No.: 6, F.P. No. 233/A, western side of Third Floor, Dawer Chambers, Ring Road, Surat, Property situated at 91, G.I.D.C., Khatodara, B/h. Sub Jail, Ring Road, Surat , Property situated at City survey Nondh No.: 451/A of Ward Khatodara, Final Plot No.: 300, T.P. Scheme No. 6, Majura-Khatodara, Taluka/Dist.: Surat.

b) Vehicle Loans are Secured by Hypothecation of Vehicles

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2023

- c) Term Loan and Corporate Loan facilities from Bank of Baroda is secured by Hypothecation of Raw Materials, Stock-in-Process, Finished Goods, Book Debts, Plant and Machinery and equitable mortgage of factory land and building situated at Block no. 298, Plot no. 2, Block no. 76, Plot no. 2 at Village: Karanj, Taluka: Mandvi, Dist.: Surat and Block no. 141, Plot no. 3, Block no. 146, Plot no. 3/A & 13, Block no. 149, Plot no. 12/A & 12/B at Village: Mota Borasara, Taluka: Mangrol, Dist. Surat, open Industrial land situated at Plot no.: Composite unit-1, Fairdeal Textile Park, Village: Mahuvej, Taluka: Mangrol, Dist.: Surat and office premises situated at eastern side of third floor, Dawer Chambers, Ring Road, Surat and hypothecation of 0.6MW Wind mill situated at Village: Suthari, Taluka: Abdasa, Dist: Kutch.

**\* Secured / Unsecured Loans of ₹1541.08 lakhs Repayable/ redeemable within one year, which is shown in Other Current Liabilities under Current Maturities of Long Term Debts.**

#### 11.3 Terms of repayment of secured borrowing from bank:

##### a) BANK OF BARODA

Sr. No.	Nature of credit facilities	Terms of Repayment	Amount O/s. as on	
			31/03/2023	31/03/2022
1	Term Loan	Monthly installment of Rs. 6,84,000/-. Last installment will due in July'2023	12.27	107.47
2	Corporate Loan	Monthly installment of Rs. 11,45,000/-. Last installment will due in March'2024.	128.86	266.26
3	BGECL 2.0 -I	Total tenure 60 months 12 months Moratorium period AND 48 monthly installment of Rs. Rs.14,06,250/- each. First installment commenced from July'2022 and last installment will due in June'2026	548.41	675.00
4	BGECL 2.0 -II	Total tenure 60 months 12 months Moratorium period AND 48 monthly installment of Rs.35,41,666.66/- each. First installment commenced from September'2022 and last installment will due in August'2026.	1,452.08	1,700.00
5	BGECL 2.0 -III	Total tenure 72 months 24 months Moratorium period AND 48 monthly installment of Rs.31,25,000/- each. First installment commencing from January'2024 and last installment will due in December'2027.	1,500.00	1,500.00

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

**b) THE COSMOS CO-OPERATIVE BANK LTD.**

Sr. No.	Nature of credit facilities	Terms of Repayment	Amount O/s. as on	
			31/03/2023	31/03/2022
1	Term Loan	Term Loan fully repaid and account CLOSED in November'2022	-	22.19
2	Term Loan	EMI: Rs.7,46,244/-. Last EMI will due in April'2023	7.37	91.85
3	Term Loan	EMI: Rs.4,75,689/-. Last EMI will due in October'2023	29.55	81.18
4	Term Loan	EMI: Rs.17,11,748/-. Last EMI will due in June'2024	239.21	413.18
5	Term Loan	EMI: Rs.6,24,876/-. Last EMI will due in December'2023	53.68	120.19
6	Term Loan	EMI: Rs.8,27,162/-. Last EMI will due in November'2025	230.01	303.93
7	Mortgage Term Loan	EMI: Rs.18,33,476/-. Last EMI will due in November'2024	319.90	703.44
8	Term Loan	EMI: Rs.2,54,627/-. Last EMI will due in May'2025	58.59	82.43
9	Term Loan	EMI: Rs.89,296/-. Last EMI will due in July'2026	30.41	37.90
10	Term Loan (DP Based)	EMI: Rs.11,31,724/-. Last EMI will due in February'2024	118.33	236.90

**c) VEHICLE LOANS**

Sr. No.	Nature of credit facilities and Name of Bank	Terms of Repayment	Amount O/s. as on	
			31/03/2023	31/03/2022
1	Staff Bus Loan from HDFC Bank	Term Loan fully repaid and account CLOSED in December'2022	-	4.59
2	Car Loan from HDFC Bank	EMI: Rs.58,235/-. Last EMI will due in November'2026	22.46	7.63

(₹ in Lakhs)

PARTICULARS	As at March 31,2023	As at March 31,2022
<b>12 DEFERRED TAX LIABILITIES (NET)</b>		
Deferred Tax Liability/(Assets) on account of :		
Depreciation on Fixed Assets	<b>139.39</b>	186.72
Net Deferred Tax Liability of Tranferor Companies Acquired		
Block & acquired losses / unabsorbed depreciation to be adjusted against Capital Reserve		
Unabsorbed Depreciation	-	-
Provisions for Bad Debts	<b>(1.62)</b>	(9.47)
Provision for Bonus	<b>(2.03)</b>	-
Provision for Leave	<b>(1.81)</b>	(2.04)
Provision for Gratuity	<b>(28.62)</b>	(35.71)
Ind AS adjustment due to Amalgamation Expense	-	(1.51)
Deferred Tax Liabilities(NET)	<b>TOTAL 105.30</b>	137.99

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

PARTICULARS	As at March 31,2023	As at March 31,2022
<b>13 OTHER NON CURRENT LIABILITIES</b>		
<b><u>Capital Subsidy under TUF</u></b>		
Opening Balance	184.47	191.07
Add: Addition during the year	-	-
Less: Proportionate Capital Subsidy transferred to Profit and Loss Account	(6.59)	(6.59)
<b>TOTAL</b>	<b>177.88</b>	<b>184.47</b>

PARTICULARS	As at March 31,2023	As at March 31,2022
<b>14 SHORT TERM BORROWING</b>		
<b>Secured</b>		
<b><u>Working Capital Loan</u></b>		
Bank of Baroda Rupee Loan (Refer Note No. 14.1.d)	2,454.22	2,120.22
Cosmos Bank Rupee Loan (Refer Note No. 14.1.a)	3,668.97	3,228.59
Cosmos Bank PCFC/PSCFC Loan (Refer Note No. 14.1.a)	123.57	877.44
Foreign Bills under LC Discounting (Refer Note No. 14.1.b)	589.04	241.87
ICICI Bank Ltd. (Under Channel Financing) (Refer Note No. 14.1.c)	-	695.74
<b>TOTAL (A)</b>	<b>6,835.80</b>	<b>7,163.86</b>
<b>Unsecured</b>		
ICICI Bank Ltd. (Under Channel Financing) (Refer Note No. 14.1.c)	540.44	-
<b>TOTAL (B)</b>	<b>540.44</b>	<b>-</b>
<b>TOTAL (A+B)</b>	<b>7,376.24</b>	<b>7,163.86</b>

### 14.1 Security Details for secured loan

- a) Working capital (Cash credit) facilities from The Cosmos Co-op. Bank Ltd. is secured by Hypothecation of Raw Materials, Stock-in-Process, Finished Goods, Book Debts, Plant and Machinery, 1.25 MW Windmill situated at Village: Bhogat, Taluka: Kalyanpur, Dist: Jamnagar, 0.6 MW Windmill situated at Village: Suthari, Taluka: Abdasa, Dist.: Kutch, 2.10 MW Windmill situated at Village: Valsara, Taluka: Abdasa, Dist.: Kutch AND Equitable Mortgage of Factory Land & Building situated at Block No. 297 & 298, Limodara Patiya, Village: Karanj, Taluka: Mandvi, Dist.:Surat and Leasehold rights over Land & Building situated at Plot No. 72 to 86, Apparel Park, Sachin (SEZ), Dist.: Surat and at Composite Unit 2, Plot No. 3, Plot No. 4, Plot No. 5/A and Plot No. 15 at Fairdeal Textile Park, Village: Mahuvej, Taluka: Mangrol, Dist.: Surat, Office Premises at T.P. Scheme

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

No.: 6, F.P. No. 233/A, western side of Third Floor, Dawer Chambers, Ring Road, Surat, Property situated at 91, G.I.D.C., Khatodara, B/h. Sub Jail, Ring Road, Surat, Property situated at City survey Nondh No.: 451/A of Ward Khatodara, Final Plot No.: 300, T.P. Scheme No. 6, Majura-Khatodara, Taluka/Dist.: Surat.

- b) Foreign Bills under LC Discounting limit is secured by irrevocable letter of credit issued by bank.
- c) Channel Finance Limit from ICICI Bank is secured by Lien marked over Fixed Deposit of Rs. 100 Lakhs with the Bank. In the current FY 2022-23, the Bank has removed its Lien and released its charge over Fixed Deposit of Rs. 100 Lakhs with the Bank.
- d) Working capital (Cash credit) facilities from Bank of Baroda is secured by Hypothecation of Raw Materials, Stock-in-Process, Finished Goods, Book Debts, Plant and Machinery and equitable mortgage of factory land and building situated at Block no. 298, Plot no. 2, Block no. 76, Plot no. 2 at Village: Karanj, Taluka: Mandvi, Dist.: Surat and Block no. 141, Plot no. 3, Block no. 146, Plot no. 3/A & 13, Block no. 149, Plot no. 12/A & 12/B at Village: Mota Borasara, Taluka: Mangrol, Dist. Surat, open Industrial land situated at Plot no.: Composite unit-1, Fairdeal Textile Park, Village: Mahuvej, Taluka: Mangrol, Dist.: Surat and office premises situated at eastern side of third floor, Dawer Chambers, Ring Road, Surat and hypothecation of 0.6MW Wind mill situated at Village: Suthari, Taluka: Abdasa, Dist: Kutch.

(₹ in Lakhs)

PARTICULARS	As at March 31,2023	As at March 31,2022
<b>15 TRADE PAYABLES</b>		
(a) Micro and Small Enterprises (Refer Footnotes (i) and (ii))	2,903.45	336.54
<b>TOTAL (A)</b>	<b>2,903.45</b>	<b>336.54</b>
(b) Other		
(i) For Goods & Other Purchases	1,227.08	1,684.93
(ii) For Expenses	575.65	657.59
<b>TOTAL (B)</b>	<b>1,802.73</b>	<b>2,342.52</b>
<b>TOTAL (A+B)</b>	<b>4,706.18</b>	<b>2,679.06</b>

**Foot Notes :**

**Trade Payable Ageing Schedule**

(₹ in Lakhs)

Particulars	As At March 31, 2023				Total
	Outstanding for following period from Due date of Payment				
	Less than 1 year	1-2 year	2-3 years	More than 3 years	
(i) MSME	2,866.95	34.99	1.51	-	2,903.45
(ii) others	1,782.40	-	3.84	16.48	1,802.73
(iii) Disputed Dues MSME	-	-	-	-	-
(iv) Disputed Dues Others	-	-	-	-	-



## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2023

**Trade Payable Ageing Schedule**

(₹ in Lakhs)

Particulars	As At March 31, 2022				Total
	Outstanding for following period from Due date of Payment				
	Less than 1 year	1-2 year	2-3 years	More than 3 years	
(I) MSME	334.95	1.59	0.00	0.005	<b>336.54</b>
(ii) others	2,320.61	4.60	2.43	14.88	<b>2,342.52</b>
(iii) Disputed Dues MSME	-	-	-	-	-
(iv) Disputed Dues Others	-	-	-	-	-

(I) The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information collected by the Management.

(ii) The disclosures relating to Micro and Small Enterprises are as under:

PARTICULARS	As at March 31,2023	As at March 31,2022
(a) The principal amount remaining unpaid to supplier as at the end of the accounting year	<b>2,903.45</b>	336.54
(b) The interest due thereon remaining unpaid to supplier as at the end of the accounting year	-	-
(c) The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
(d) The amount of interest due and payable for the year	-	-
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS	As at March 31,2023	As at March 31,2022
<b>16 OTHER CURRENT LIABILITIES</b>		
Advance From Customers	286.26	253.04
Other Payables	43.17	54.06
Provision for earned Leave	8.67	8.32
Provision for earned Bonus	9.73	9.95
Provision for gratuity	137.17	145.87
Current Maturities of Long Term Secured Loan	1,541.08	1,368.31
Interest accrued but not due on borrowings	10.03	10.65
Unclaimed Dividend	8.81	9.38
Statutory dues towards TDS/GST etc.	44.05	51.04
<b>TOTAL</b>	<b>2,088.97</b>	<b>1,910.61</b>

PARTICULARS	2022-23	2021-22
<b>17 REVENUE FROM OPERATIONS</b>		
<b>Sale of Products</b>	29,219.12	29,382.89
<b>Add : Job Work Income</b>	378.25	278.54
<b>TOTAL (A)</b>	<b>29,597.37</b>	<b>29,661.44</b>
<b>Other Operating Revenue</b>		
Sale of Power/Windmill Energy (Captive Consumption)	469.16	476.14
Profit/(Loss) on sale of Assets / Investment	23.16	34.04
Dividend	5.19	-
Other Operating Income	83.55	78.44
Proportionate Capital Subsidy on Plant & Machinery	6.59	6.59
Factory Shed Rent	42.99	23.36
Commission Income Net	597.28	974.55
Income/(Loss) from Currency Swap / Exch. Variance	36.88	49.87
<b>TOTAL (B)</b>	<b>1,264.80</b>	<b>1,642.99</b>
<b>Other Income</b>		
Interest	34.60	33.55
Interest From LLP	-	0.23
<b>TOTAL (C)</b>	<b>34.60</b>	<b>33.78</b>
<b>TOTAL (A+B+C)</b>	<b>30,896.76</b>	<b>31,338.21</b>

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2023

17.1 Profit/Loss on Translation of monetary Items are recognized in Profit and Loss account in accordance with para 13.8.1 of Ind AS-21.

(₹ in Lakhs)

PARTICULARS	2022-23	2021-22
<b>18 COST OF MATERIALS CONSUMED</b>		
Raw Material Consumed (Indigenous)	11,395.06	13,056.16
Raw Material Consumed (Imported)	86.93	25.33
<b>TOTAL</b>	<b>11,481.99</b>	<b>13,081.48</b>

PARTICULARS	2022-23	2021-22
<b>18.1 Opening Stock</b>	<b>1,359.89</b>	1,156.03
Purchase Indigenous	10,933.21	13,256.33
Purchase Imported	121.46	29.01
	<b>12,414.56</b>	14,441.38
Less : Closing Stock	932.58	1,359.89
<b>TOTAL</b>	<b>11,481.99</b>	<b>13,081.48</b>

PARTICULARS	2022-23	2021-22
<b>19 Change in Inventories of Finished Goods, Stock-in-trade &amp; Work-in-progress</b>		
<b>FINISHED GOODS</b>		
<b><u>A. Opening Stock</u></b>		
WIP Goods	195.92	178.21
Finished Goods / Stock in Trade	5,171.58	4,211.10
<b>TOTAL (A)</b>	<b>5,367.50</b>	<b>4,389.31</b>
<b><u>B. Closing Stock</u></b>		
WIP Goods	261.55	195.92
Finished Goods / Stock in Trade	4,967.40	5,171.58
<b>TOTAL (B)</b>	<b>5,228.95</b>	<b>5,367.50</b>
<b><u>(INCREASE)/DECREASE IN STOCK</u></b>	<b>TOTAL (A-B)</b>	<b>(978.18)</b>

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS	2022-23	2021-22
<b>20 EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, Wages and Bonus	<b>2,603.10</b>	2,681.45
Directors Remuneration	<b>162.65</b>	162.65
EX-GRATIA PAYMENT OF KEY MAN INSURANC*	<b>78.18</b>	-
Contribution to Provident & Superannuation Fund	<b>106.73</b>	122.98
Group Grauity Premium Expense	<b>68.48</b>	59.75
Staff Welfare Expenses	<b>49.88</b>	47.89
<b>TOTAL</b>	<b>3,069.01</b>	3,074.72

\* Till the previous year premium paid for key man insurance policy was shown under the head "Other Non-Current Asset" in the balance sheet but during the year maturity amount received from insurance company in the respective employees' account and the same was transferred to "Ex Gratia Payment of Key Man Insurance" in the Profit & Loss Account.

### Gratuity:

The employee gratuity fund is managed by "Life Insurance Corporation of India" & "SBI Life Insurance Company Ltd". The present value of obligation is determined based on actuarial valuation. The liability is fully funded.

PARTICULARS	2022-23	2021-22
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### 20.1 Defined Benefit Plan

#### Reconciliation of opening and closing balances of Defined benefit obligation

##### Particulars

Defined Benefit Obligation at beginning of the year	<b>406.01</b>	385.32
Add: Current service cost	<b>57.93</b>	51.49
Interest Cost	<b>29.35</b>	26.20
Actuarial (Gain)/Loss	<b>(62.88)</b>	(32.48)
Benefits paid	<b>(30.95)</b>	(24.52)
Defined Benefit Obligation at end of the year	<b>399.47</b>	406.01

#### Reconciliation of opening and closing balances of fair value of Plan Assets **Gratuity (Funded)** Gratuity (Funded)

Opening value	<b>260.14</b>	263.80
Contributions of Employer	<b>22.95</b>	3.73
Investment Income (calculated @ 7%, (P.Y. @ 7%) which is the discount rate)	<b>18.81</b>	17.94
Return on plan assets, excluding amount recognized in net interest expense	<b>(8.65)</b>	(0.81)
Benefits paid	<b>(30.95)</b>	(24.52)
Fair value of Plan Assets at end of the year	<b>262.30</b>	260.14
Return on plan assets, excluding amount recognized in net interest expense	<b>(8.65)</b>	(0.81)

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS	2022-23	2021-22
<b>Reconciliation of fair value of Assets and Obligations</b>	<b>Gratuity (Funded)</b>	Gratuity (Funded)
<b>Particulars</b>		
Fair Value of Plan Assets	<b>262.30</b>	260.14
Present Value of Defined Benefit Obligation	<b>399.47</b>	406.01
Amount recognized in Balance sheet [Surplus/Deficit]	<b>137.17</b>	145.87
<b>Expenses recognised during the year</b>	<b>Gratuity (Funded)</b>	Gratuity (Funded)
<b>Particulars</b>		
<b>In Income Statement</b>		
Current Service Cost	<b>57.93</b>	51.49
Interest Cost	<b>29.35</b>	26.20
Investment Income	<b>(18.81)</b>	(17.94)
<b>Net Cost</b>	<b>68.48</b>	59.75
In Other Comprehensive Income		
Actuarial (Losses)/Gain	<b>(54.23)</b>	(31.67)
<b>Net Income/(Expenses) for the year recognized in OCI</b>	<b>(54.23)</b>	(31.67)
<b>Actuarial Assumptions</b>	<b>Gratuity (Funded)</b>	Gratuity (Funded)
<b>Particulars</b>		
Discount rate (per annum)	<b>0.07</b>	0.07
Expected rate of return on plan assets (per annum)	<b>0.07</b>	0.07
Rate of escalation in Salary (Per annum)	<b>0.05</b>	0.05
Rate of employee turnover (Per annum)	<b>0.05</b>	0.05
<b>21 FINANCE COST</b>		
Bank Charges	<b>38.09</b>	<b>25.69</b>
Term Loan Interest	<b>394.73</b>	<b>282.67</b>
Working Capital Interest	<b>677.40</b>	<b>829.94</b>
Interest on Unsecured Loan	<b>59.11</b>	<b>72.81</b>
Interest Paid to Suppliers of Goods	<b>171.98</b>	<b>166.87</b>
Bill Discounting Interest	<b>77.02</b>	<b>50.79</b>
Interest On Vehicle Finance	<b>1.94</b>	<b>1.83</b>
<b>TOTAL</b>	<b>1,420.28</b>	<b>1,430.61</b>

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2023

PARTICULARS	2022-23	2021-22
<b>22 DEPRECIATION AND AMORTISATION EXP.</b>		
Depreciation for the period	<b>905.38</b>	<b>982.40</b>
<b>TOTAL</b>	<b>905.38</b>	<b>982.40</b>

(₹ in Lakhs)

PARTICULARS	2022-23	2021-22
<b>23 OTHER EXPENSES</b>		
<b><u>Other Manufacturing Expenses</u></b>		
Consumable Stores (Refer Note No. 23.3 to 23.5)	<b>825.12</b>	787.29
Power and Fuel	<b>1,657.83</b>	1,582.59
Repairs - Plant & Machinery	<b>86.57</b>	85.39
- Buildings	<b>35.05</b>	37.11
Factory Expense	<b>129.28</b>	141.17
Job Charges	<b>88.84</b>	68.52
Wind Mill Exp.	<b>161.43</b>	164.20
<b>TOTAL (A)</b>	<b>2,984.12</b>	2,866.26
<b><u>Windmill Expenses</u></b>		
Lease Rent	<b>3.12</b>	3.15
Insurance	<b>3.88</b>	5.03
Repairs & Maintenance	<b>122.63</b>	104.37
Professional Expenses	<b>1.12</b>	1.09
Fees & Taxes	<b>0.05</b>	2.00
Term Loan Interest	<b>30.64</b>	48.57
<b>TOTAL (B)</b>	<b>161.43</b>	164.20
<b><u>Selling &amp; Distribution Expenses</u></b>		
Tempo Freight and Octroi	<b>118.58</b>	100.57
Expected Credit loss Allowance	<b>234.00</b>	153.85
Advertisement Expense	<b>95.48</b>	17.36
Brokerage Expenses	<b>68.56</b>	133.98
<b>TOTAL (B)</b>	<b>516.62</b>	405.76

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS	2022-23	2021-22
<b><u>Administrative &amp; Other Expenses</u></b>		
Rent	1.63	1.63
Insurance	40.53	39.38
Director's Fees	2.70	3.60
Donation	0.78	4.50
Electricity Expenses	10.43	9.38
Travelling and Conveyance Expenses	100.58	71.24
Postage and Telephone Expenses	26.21	19.76
Auditors Remuneration - For Statutory Audit	6.40	7.15
Computer Expenses	10.14	11.07
Legal and Professional Expenses	108.95	91.16
Repair & Maintenance of Furniture & Off. Equip.	9.50	8.77
Printing and Stationary Expenses	8.97	8.59
General Expenses	12.31	12.32
ISO 9001:2000 Certification Exp.	0.21	0.82
<b>TOTAL (C)</b>	<b>339.35</b>	<b>289.37</b>
<b>TOTAL (A+B+C)</b>	<b>3,840.10</b>	<b>3,561.38</b>

PARTICULARS	2022-23	2021-22
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**23.1 Payment to Auditors as:**

(a ) As an Auditor (Including Tax Audit Fees)	6.00	7.15
(b ) Capacity in respect of :		
(i) Company Law Matter	-	-
(ii) Taxation Matter	-	-
(iii) Management Services	-	-
(iv) In any other manner	0.40	-
(v) Reimbursement of expenses	-	-

**NOTES TO FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31ST MARCH, 2023**

(₹ in Lakhs)

<b>PARTICULARS</b>	<b>2022-23</b>	<b>2021-22</b>
<b>23.2 Expenditure in foreign currency (On Payment Basis)</b>		
i) Foreign Travelling Expenses	<b>7.96</b>	-
ii) Consumables Stores	<b>37.98</b>	24.51
iii) Raw Materials	<b>110.84</b>	26.41
iv) Capital Goods	<b>65.74</b>	1.91
v) Export Commission	<b>28.06</b>	85.44
vi) Business Convention Expenses	<b>51.33</b>	-
<hr/>		
<b>PARTICULARS</b>	<b>2022-23</b>	<b>2021-22</b>
<b>23.3 PACKING MATERIAL</b>		
Opening Stock	<b>25.69</b>	23.87
Purchase Indigenous	<b>143.27</b>	162.52
Purchase Imported	-	-
	<b>168.96</b>	186.39
Less : Closing Stock	<b>19.23</b>	25.69
<b>TOTAL</b>	<b>149.73</b>	160.70
<hr/>		
<b>PARTICULARS</b>	<b>2022-23</b>	<b>2021-22</b>
<b>23.4 CHEMICAL &amp; OIL</b>		
Opening Stock	<b>23.52</b>	27.32
Purchase Indigenous	<b>340.94</b>	310.61
Purchase Imported	-	-
	<b>364.46</b>	337.93
Less : Closing Stock	<b>24.96</b>	23.52
<b>TOTAL</b>	<b>339.50</b>	314.41



## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS	2022-23	2021-22
<b>23.5 STORES</b>		
Opening Stock	241.82	242.55
Purchase Indigenous	299.52	285.07
Purchase Imported	43.55	26.37
	<b>584.89</b>	553.99
Less : Closing Stock	249.01	241.82
<b>TOTAL</b>	<b>335.89</b>	312.17

PARTICULARS	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>23.6 REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND</b>		
Remittances by the company in foreign currencies for dividends (including amount credited to Non-Resident External Accounts):		
a) No. of Non-resident shareholders	5	5
b) No. of Equity Shares of face value of ₹2/- each ( PY ₹10/-)	3,43,460	68,692
c) i) Amount of Dividend Paid (Net) (Amount In lakhs)	0.16	0.14
ii) Tax Deducted at Source (Amount In lakhs)	0.04289	0.03574
iii) Year to which dividend relates	2021-22	2020-21

PARTICULARS	2022-23	2021-22
<b>24 EARNINGS PER SHARE (EPS)</b>		
1. Net Profit as per Profit and Loss Account available for Equity Shareholders (in ₹)	377.77	317.73
2. Weighted average number of equity shares for Earning Per Share computation (Nos.)	8,93,02,450	8,93,02,450
3. Basic Earnings Per Share (in ₹)	0.42	0.36
4. Diluted Earnings Per Share (in ₹)	0.42	0.36
5. Face value per share	₹ 2	₹ 2

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

**25 The ratios for the year ended March 31, 2023 and March 31, 2022 are as follows :**

Sr. No.	Particulars	Numerator	Denominator	2023	2022	Variance in %
(a)	Current Ratio	Current Assets	Current Liabilities	1.34	1.46	-8.18%
(b)	Debt-Equity Ratio	Total Debt	Total Equity	1.32	1.54	-13.93%
(c)	Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	1.02	1.09	-6.11%
(d)	Return on Equity Ratio	Profit for the year	Average Total Equity	3.90%	3.40%	14.71%
(e)	Inventory turnover ratio	Sale of Goods and Jobwork Income	Average Inventory	4.39	4.61	-4.74%
(f)	Trade Receivables turnover ratio	Revenue from Operations	Average Trade Receivable	2.89	3.27	-11.78%
(g)	Trade payables turnover ratio *	Purchases and Other Services	Average Trade Payables	7.16	12.95	-44.72%
(h)	Net capital turnover ratio	Revenue from Operations	Working Capital	6.39	5.74	11.21%
(I)	Net profit ratio	Profit for the year	Revenue from Operations	1.22%	1.01%	20.60%
(j)	Return on Capital employed	EBIT (bank charges reduced)	Capital Employed	8.22%	8.16%	0.75%
(k)	Return on investment**	Earnings from invested funds	Average invested funds in Treasury Investments	6.18%	0.27%	2201.84%

\* Trade payable turnover ratio is decreased due to increase in trade payable by 68% as compared to previous year

\*\* Return on investment has been increased mainly because of dividend income of 5.19 lakhs was received during the current year, while there was no such dividend income in previous year.

**26 RELATED PARTIES WHERE COMMON CONTROL EXIST AND TRANSACTION ENTERED INTO: (₹ in Lakhs)**

Sr. No.	Name of the Related Party	Nature of Transaction	Amount	Balance as on March 31, 2023	Amount	Balance as on March 31, 2022
1	<b>Fairdeal Textile Park Pvt. Ltd.</b> (Common Control of Key Managerial Personnel)	Effluent Treatment Charges Power Charges - (Worker's Hostel) Maintenance Charges Paid Leave & Licence Agreement (Worker's Hostel) Job Charges	6.25 3.12 18.45 1.93 0.65	NIL	8.01 3.34 16.16 1.93 -	NIL
2	Lotus Marketing (Common Control of Key Managerial Personnel)	Lease Rent Income Purchase	47.21 0.08	NIL	20.60 -	NIL
3	Autotech Non-Wovens Pvt. Ltd. (Common Control of Key Managerial Personnel)	Sales Sales of Services Job Income Reimbursement of Expenses	33.02 18.60 4.78 6.28	10.08 Dr	222.57 9.66	6.45 Dr

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

Sr. No.	Name of the Related Party	Nature of Transaction	Amount	Balance as on March 31, 2023	Amount	Balance as on March 31, 2022
4	Shahlon Enterprises LLP (Common Control of Key Managerial Personnel)	Sale Income Job Income Bill Disc. Interest Interest Income Purchase Job Charges	57.85 6.53 3.30 0.06 59.75 857.03	NIL	251.68 7.17 11.75 0.23 80.42 481.37	NIL
5	Shri Dhirajlal R. Shah (Key Managerial Personnel)	Key Management / Director's Remuneration Interest on Unsecured Loan	54.22 0.27	4.95 Cr	54.22 2.06	1.85 Cr
6	Shri Arvind R. Shah (Key Managerial Personnel)	Key Management / Director's Remuneration Interest on Unsecured Loan	54.22 1.19	86.82 Cr	54.22 1.07	5.47 Cr
7	Shri Jayantilal R. Shah (Relative of Key Managerial Personnel)	Remuneration as Head Accounts & Legal Interest on Unsecured Loan	54.22 0.22	13.89 Cr	54.22 0.52	4.72 Cr
8	Shri Mahendra R. Shah (Relative of Key Managerial Personnel)	Remuneration as GM Operations Interest on Unsecured Loan	42.22 0.06	1.06 Cr	42.22 1.15	27.53 Cr
9	Shri Dipan J. Shah (Belonging to Promoters Group)	Remuneration as GM Marketing Interest on Unsecured Loan	54.22 0.63	59.97 Cr	54.22 0.39	231.75 Cr
10	Shri Nitin R. Shah (Key Managerial Personnel)	Key Management / Director's Remuneration Interest on Unsecured Loan	54.22 0.99	36.89 Cr	54.22 2.14	87.13 Cr
11	Smt. Minaxi N. Shah - (Relative of Key Managerial Personnel)	Interest on Unsecured Loan	0.27	0.24 Cr	0.04	0.04 Cr
12	Shri Dhruv A. Shah (Relative of Key Managerial Personnel)	Remuneration as Marketing Executive-Export Interest on Unsecured Loan	24.22 0.12	10.10 Cr	24.22 0.43	0.39 Cr
13	Shri Satish Shah (Key Managerial Personnel)	Remuneration	16.52	NIL	14.69	NIL
14	Shri Hitesh Garmora (Key Managerial Personnel)	Remuneration	16.76	NIL	14.76	NIL

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

### 27 Other Statutory Information

- 1 The title deeds of all the immovable properties classified as property, plant and equipment (PPE) including investment properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- 2 The Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets during the year.
- 3 The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- 4 The company has obtained borrowings from the banks against the security of the current assets. The quarterly statements of the current assets filed by the company with the bank are in agreement with the books of accounts.
- 5 The Company has not been declared as a willful defaulter by any lender who has powers to declare a company as a willful defaulter at any time during the financial year or after the end of reporting period but before the date when the financial statements are approved.
- 6 The Company does not have any material transactions with companies struck-off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.
- 7 The Company does not have any charges or satisfaction which is yet to be registered with the Registrar of Companies (ROC) beyond the statutory period.
- 8 The Company does not have any subsidiary company. Hence, there is no Compliance required in respect of number of layers of companies.
- 9 The company has not advanced or loaned or invested funds to any other person(s) or entity(is), including foreign entities(intermediaries),with the understanding that the intermediary shall; i. Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries), or ii. Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- 10 The Company has not received any funds from any person(s) or entity(ies),including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall; i. Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate beneficiaries), or ii. Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- 11 The Company does not have any transactions which is not recorded in the books of accounts but has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 ( such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- 12 The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

As per our Report of even date  
**For Rasesh Shah & Associates**  
Chartered Accountants  
Firm Reg. No : 108671W

**CA Rasesh B. Shah**  
**Partner**  
M.NO. : 034217  
Place : Surat  
Date : 26.05.2023

For and on behalf of the Board  
**Shahlon Silk Industries Limited**

**Dhirajlal R. Shah**  
Chairman  
DIN : 00010480

**Hitesh K. Garmora**  
Company Secretary

**Arvind R. Shah**  
Managing Director  
DIN : 00010483

**Satish H. Shah**  
Chief Financial Officer

# Notes to Financial Statements for the Year ended on 31st March, 2023

## Company Overview and Notes to the financial statements

### I) CORPORATE INFORMATION:

SHAHLON SILK INDUSTRIES LIMITED is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956; now referred as Companies Act, 2013. The address of its registered office is SHAHLON SILK INDUSTRIES LIMITED, 3rd Floor Dawer Chambers, Beside J.K. Tower, Ring Road, Khatodara, Surat City, Surat, Gujarat, India – 395002. The equity shares of the company are listed on the Bombay Stock Exchange (BSE) Limited in India.

The Company is mainly engaged in the business of manufacturing of fabric on water jet looms, air jet looms & rapier looms and various yarn preparatory activities like sizing, texturizing, yarn dyeing, twisting, crape, ply yarn etc. and trading of yarn & fabrics. The company is also engaged into an agency business with Reliance Industries limited for sale of yarn. The company caters to both domestic and international markets.

### II) SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by The Company in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements.

#### (A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

##### (I) Compliance with Ind AS

The Financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, the provisions of the Companies Act, 2013 ("the Companies Act") as applicable and guidelines issued by the Securities and Exchange Board of India ("SEBI").

The accounting policies have been consistently applied except where a newly issued accounting standard is initially

adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Financial Statements were approved and authorized for issue in accordance with the resolution of the Company's Board of Directors on 26th May, 2023.

##### (ii) Historical cost convention

These financial statements have been prepared on a historical cost convention basis, except for the following material items which have been measured at fair value as required by relevant Ind AS;

- The defined benefit asset (liability) is as the present value of defined benefit obligation less fair value of plan assets and
- Financial instruments classified as fair value through other comprehensive income.

##### (iii) Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle

## Notes to Financial Statements for the Year ended on 31st March, 2023

- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. Based on the nature of products / services and time between acquisition of assets for processing / rendering of services and their realization in cash and cash equivalents, operating cycle is less than 12 months. However, for the purpose of current/non-current classification of assets & liabilities period of 12 months has been considered as normal operating cycle.

#### (iv) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III except number of shares and per share data, unless otherwise stated.

#### (v) Use of estimates and judgment

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates.

Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

In particular, information about significant areas of estimation, uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognized in financial statements are included in the following notes:

- Useful lives of Property, plant and equipment
- Measurement of defined benefit obligations
- Provision for inventories
- Measurement & likelihood of occurrence of provisions and contingencies
- Deferred taxes

#### (B) Inventories: [Ind AS 2]

##### Inventories are assets:

- Held for sale in the ordinary course of business
- In the process of production for such sale
- In the form of materials or supplies to be consumed in the production process or in the rendering of services.

##### Measurement of Inventory

Inventories consist of raw materials, stores & spares, work-in-progress, finished goods, Stock-in-trade are stated 'at lower of cost and net realizable value' except for raw materials which is valued at cost.

##### Cost of Inventories

Cost comprises of all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and

## Notes to Financial Statements for the Year ended on 31st March, 2023

condition. Cost formula/ method for valuation used is 'Weighted Average cost'. Due allowance is estimated and made for defective and obsolete items, wherever necessary.

### Net Realisable Value

Net realizable value (NRV) is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Estimate of net realizable value must be based on the most reliable evidence available and take into account fluctuations of price or cost after the end of the period, if this is evidence of conditions existing at the end of the period.

The Cost and net realizable value has been compared for each separately identifiable item of inventory, or group of similar inventories, rather than for inventory in total.

### (C) Cash flow statement [Ind AS 7]

Cash flows are reported using the Indirect Method, as set out in Ind AS 7 'Statement of Cash Flow', whereby profit/loss for the year is adjusted for the effects of transaction of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### (D) Property, Plant and Equipment (PPE): [Ind AS 16]

#### Recognition and Measurement

Items of Property, plant and equipment acquired or constructed are initially recognized at historical cost net of recoverable taxes, duties, trade discounts and rebates, less accumulated depreciation and impairment loss, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management.

The historical cost of Property, plant and equipment comprises of its

- purchase price including import duties and non-refundable purchase taxes,
- borrowing costs directly attributable to the qualifying asset in accordance with accounting policy on borrowing cost,
- the cost of dismantling, removing the item and restoring the site on which it is located and
- Adjustment arising for exchange rate variations attributable to the assets, including any cost directly attributable to bringing the assets to their working condition for their intended use.

Freehold land is carried at cost. The company has taken certain land on lease for period of 99 year and no amortization provided on these asset.

#### Subsequent Expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Advances paid towards the acquisition of PPE outstanding at each Balance Sheet date is classified as capital advances under 'Other non-current assets' and cost of assets not put to use before such date are disclosed under 'Capital work-in progress'. The Company identifies and determines cost of each component of the plant and equipment separately, if the component/part has a cost which is significant to the total cost of the plant and equipment and has useful lives that is materially different from that of the remaining plant and equipment.

Machinery spares which meets the criteria of PPE is capitalised and depreciated over the useful life of the respective asset.

## Notes to Financial Statements for the Year ended on 31st March, 2023

### **Depreciation methods, estimated useful lives and residual values**

Depreciation is provided on written down value method based on the respective estimate of useful lives.

Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Management believes that useful lives of assets are same as those prescribed in Schedule II to the Act.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

### **Disposal**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

### **(E) Income Taxes (Ind AS 12)**

Tax expenses for the period, comprising current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to

items recognized directly in equity, in which case it is recognized in other comprehensive income.

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Provision for current tax is made based on tax liability computed after considering tax allowances and exemptions in accordance with the provisions of the Income Tax Act, 1961.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred tax liability is recognized based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period.

A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Tax expense/(credit) recognized in the Statement of Profit and Loss for the year ended 31.03.2023:

Sr. No.	Particulars	Amount (In ₹)
1.	Opening Balance of DTA / (DTL)	1,37,99,497
2.	Deferred Tax Assets / (Liabilities) of the period	(32,69,198)
3.	Closing Balance of DTA / (DTL)	1,05,30,299



## Notes to Financial Statements for the Year ended on 31st March, 2023

### (F) Revenue from Contracts with Customers: [Ind AS 115]

- Revenue from contract with customer is recognized when control of Goods or services are transferred to the buyer as per the terms of the contract; the entity retains neither continuing managerial involvement nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the entity; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales.
- Export sales are accounted when the goods have left the premises or when the goods are received by the customers and incoterms are fulfilled at the exchange rate prevailing on the date of invoice. These are net of commission and do not include freight wherever applicable as per the terms of the sales contract.
- Dividend income is recognized when the right to receive the dividend is established by the reporting date, which is generally when shareholders approves the dividend.
- Interest income is recognized using the effective interest method (EIR) and accounted on accrual basis. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of a financial liability or a financial asset to their gross carrying amount.
- Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit and loss due to its operating nature.
- Revenue from job work is recognized on completion of the work and at the time when no significant uncertainty exists as to its determination and realization.
- Late payment charges are recognized on the ground of prudence as and when recovered.
- Commission income are recognized when the Company satisfies the performance obligation, at fair value of the consideration received or receivable based on a five- step model as set out below, unless included in the effective interest calculation: IND AS 115.
  - Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
  - Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
  - Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
  - Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
  - Step 5: Recognize revenue when (or as) the Company satisfies a performance obligation.

### (G) Employee Benefits: [Ind AS 19]

#### Short-term employee benefits

These are liabilities for wages and salaries, including non-monetary benefits that are

## Notes to Financial Statements for the Year ended on 31st March, 2023

expected to be settled wholly within twelve months after the end of the period in which the employees render the related employee service. The undiscounted amount of short-term employee benefits expected to be paid in exchange for that service is recognised as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, an entity shall recognise that excess as an asset (prepaid expense). Or else recognised as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

### **Post-employment obligations**

The Company operates the following postemployment schemes:

- (a) defined benefit plans such as gratuity and pension; and
- (b) defined contribution plans such as provident fund etc.

#### **(a) Defined Benefit Plans**

In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

#### **(b) Defined contribution plans**

Contributions to defined contribution schemes such as employees' state insurance, provident fund, labour welfare

fund etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. The Company is a member of recognized Provident Fund scheme established under The Provident Fund & Miscellaneous Act, 1952 by the Government of India. The contribution paid or payable under the scheme is recognized during the period under which the employee renders the related services. The above benefits are classified as Defined

Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions. Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity (and perhaps also the employee) to a post-employment benefit plan or to an insurance company, together with investment returns arising from the contributions; and actuarial risk and investment risk falls on the employee.

### **Other Employee Benefits**

Other employee benefit obligations are measured on an undiscounted basis and are recorded as expense as the related service is provided.

#### **Defined Benefit Plan - Gratuity**

The Company has a defined benefit gratuity plan in India (unfunded). The company's defined benefit gratuity plan is a final salary plan for employees. Gratuity is paid from company as and when it becomes due and is paid as per company scheme for Gratuity.

The Company's obligation in respect of the gratuity plan is provided for based on actuarial valuation using the projected unit credit method. The Company recognizes actuarial gains and losses immediately in other comprehensive income, net of taxes. Gratuity is applicable only to employees drawing a salary in Indian rupees and there are no other foreign defined benefit gratuity plans.

## Notes to Financial Statements for the Year ended on 31st March, 2023

### Characteristics of Defined Benefit Plan:

The Entity has a defined benefit gratuity plan in India (funded). The Entity's defined benefit gratuity plan is a final salary plan for employees, which requires contribution to be made to a separately administered fund. The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy. During the year, there were no plan amendments, curtailments and settlements.

### Risks associated with defined benefit plan

#### Gratuity is a defined benefit plan and company is exposed to the Following Risks:

**Interest rate risk:** A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision.

**Salary Risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in salary of the members more than assumed level will increase the plan's liability.

**Asset Liability Matching Risk:** The plan faces the ALM risk as to the matching cash flow. Company has to manage pay- out based on pay as you go basis from own funds.

**Mortality risk:** Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

**Investment Risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

**Concentration Risk:** Plan is having a concentration risk as all the assets are invested with the insurance company and a default will

wipe out all the assets. Although probability of this is very low as insurance companies have to follow stringent regulatory guidelines which mitigate risk.

### (H) Foreign Currency: [Ind AS 21]

#### Functional and presentation currency

The financial statements are presented in Indian Rupees (INR), which is the company's functional and presentation currency.

#### Foreign currency transactions

- Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Realized gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss.
- Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.
- Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction.
- Exchange difference arising on settlement of monetary items or reporting monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

### (I) Related parties [Ind AS 24]

As per Ind AS-24 issued by the Institute of chartered Accountants of India, the company's related parties are disclosed below:

- I. **Enterprises over which Key Management Personnel or relatives of such personnel exercise significant influence or control and with whom transactions have taken place during the year**

## Notes to Financial Statements for the Year ended on 31st March, 2023

- Fairdeal Textile Park Pvt. Ltd.
- Lotus Marketing
- Autotech Non-Wovens Pvt. Ltd.
- Shahlon Enterprises LLP
- ii. Key Management Personnel (KMP):
  - Shri Dhirajlal R. Shah
  - Shri Arvind R. Shah
  - Shri Nitin R. Shah
  - a) **Company Secretary**
    - Hitesh Garmora
  - b) **Chief Financial Officer**
    - Satish Shah
- iii. **Promoters:**
  - Shri Dipan J. Shah
- iv. **Relatives of Key Management Personnel**
  - Shri Mahendra R. Shah
  - Smt. Minaxi N. Shah
  - Shri Dhruv A. Shah
  - Shri Jayantilal R. Shah
- v. **Other related parties – NIL**
- (J) **Financial instruments: [Ind AS 109]**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **Financial assets:**

#### **Classification**

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

#### **Initial recognition and measurement**

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through Profit and Loss are expensed in the Statement of Profit and Loss.

#### **Subsequent measurement**

After initial recognition, financial assets are measured at:

- fair value (either through other comprehensive income or through Profit and Loss), or
- amortized cost.

#### **Amortised cost:**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in the Statement of Profit and Loss when the asset is derecognized or impaired. Interest income from these financial assets are included in other income using the effective interest rate method.

#### **Fair Value through Other Comprehensive Income (FVOCI):**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are

## Notes to Financial Statements for the Year ended on 31st March, 2023

recognized in the Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

### **Fair Value through Profit and Loss (FVTPL):**

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in Statement of Profit and Loss in the period in which it arises. Interest income from these financial assets is recognized in the Statement of Profit and Loss.

### **Equity instruments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the company changes its business model for managing financial assets.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

### **Debt instruments**

Debt instruments are subsequently measured at amortized cost on the basis of:

- (i) the entity's business model for managing the financial assets and

- (ii) the contractual cash flow characteristics of the financial asset.

### **De-recognition**

A financial asset shall be derecognized only when:

- (a) the contractual rights to the cash flows from the financial asset expire, or
- (b) it transfers the financial asset and the transfer qualifies for de-recognition.
- (c) On de-recognition of a financial asset, the difference between:
  - a. the carrying amount (measured at date of de-recognition); and
  - b. the consideration received

shall be recognized in Statement of Profit and Loss.

### **Note:**

On de-recognition of Investments the cumulative balance of OCI account related to those investments is been transferred to general reserve.

### **Financial liabilities:**

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate., in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the issue/origination of the financial liability.

Preference Shares being redeemable at fixed date and having right of cumulative dividend are considered as financial liability.

#### **Subsequent measurement**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as

## Notes to Financial Statements for the Year ended on 31st March, 2023

such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of profit and loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in Statement of profit and loss. Any gain or loss on de-recognition is also recognized in statement of Profit and Loss.

### De-recognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The

difference in the respective carrying amounts is recognized in the statement of profit or loss.

### Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### (K) Earnings Per Share: [Ind AS 33]

Basic and Diluted earnings/(loss) per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the board of directors.

### Calculation of EPS as appearing in Statement of Profit and Loss Account:

Sr. No.	Particulars	Current Period	Previous Year
(i)	Net profit/(loss) as per Profit & Loss A/c* (Rs. In Lakhs)	377.77	317.73
(ii)	Net Profit/(loss) adjusted from reserves		
(iii)	Net Profit Attributable to ordinary Shareholders[(i)+(ii)]	377.77	317.73
(ii)	Weighted average number of shares for Basic Earnings per share	8,93,02,450	8,93,02,450
(iii)	Weighted average number of shares for Diluted Earnings per share	8,93,02,450	8,93,02,450
(iv)	Nominal value per share	2	2
(v)	Basic earnings per share (₹)	0.42	0.36
(vi)	Diluted earnings per share (₹)	0.42	0.36

\*The fair value of cash and cash equivalents, trade receivables, borrowings, trade payables, other current financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's long-term debt and investment in fixed deposit have been contracted at market rates of interest. Accordingly, the carrying value of such instruments approximates their fair value.

## Notes to Financial Statements for the Year ended on 31st March, 2023

### (L) Fair value measurement [Ind AS 113]

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 - Quoted (unadjusted) prices in active market for identical assets or liabilities. Investments in Quoted Shares are valued as per quoted price in active market.
- Level 2 - (Inputs other than quoted prices included in Level 1) Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For financial assets and liabilities maturing within one year from the Balance Sheet date and which

are not carried at fair value, the carrying amount approximates fair value due to the short maturity of these instruments.

### (M) Cash and cash equivalents:

For the purpose of presentation in the Statement of Cash Flows, Cash and Cash Equivalents includes Cash on hand, balance with banks and demand deposits with banks and other short term highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

### (N) Provisions and Contingent Liabilities: [Ind AS 37]

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

## Notes to Financial Statements for the Year ended on 31st March, 2023

**Contingent Liabilities:**

Sr. No.	Particulars	As at 31st March, 2023	As at 31st March, 2022
(I)	<b>Contingent Liabilities</b>		
	(A) Claims against the company/disputed liabilities not acknowledged as debts:		
	(i) Demand under Rule 16A of the Drawback, 1995 for A.Y. 2015-16	2.58	2.58
	(ii) Demand u/s. 143(3) r.w.s. 147 of the IT Act, 1961 for A.Y. 2012-13	23.59	23.59
	(iii) Demand u/s. 143(1) of the IT Act, 1961 for A.Y. 2020-21	NIL	116.51
	(iv) Demand u/s.74 of the GST Act, 2017 for A.Y. 2018-19	424.32	NIL
	(v) Excise demand of duty amounting of Rs.8.06 Lakhs under section 11A(10) of Central Excise Act, 1944 and interest on such duty under section 11 AA of Central Excise Act, 1944; and imposed penalty of 1.55 Lakhs upon appellant under Section 11AC(1) (a) of Central Excise Act, 1944 which is under litigation Company has filed appeal with CESAT on account of dispute.	9.61	9.61
	(vi) Excise demand of duty amounting of Rs.31.07 Lakhs under section 11A(10) of Central Excise Act, 1944 and interest on such duty under section 11 AA of Central Excise Act, 1944; and imposed penalty of Rs.2.25 Lakhs upon appellant under Section 11AC(1) (a) of Central Excise Act, 1944 which is under litigation Company has filed appeal with CESAT on account of dispute.	NIL	33.32
	(B) Guarantees*		
	(i) Counter guarantees given to banks	NIL	NIL
	(ii) Bank guarantee provided to DGFT/Custom Authorities to secure machineries under EPCG Scheme	32.23	32.71
	(iii) Guarantee given and security (property) provided to The Surat People's Co-Operative Bank Ltd. for securing various credit facilities availed by Shahlon Enterprises LLP in which Company is one of the partner. W.E.F. 01/07/2022 the company has been retired as a partner from the Shahlon Enterprises LLP and during the year the Bank has released security (property) and discharged guarantee provided to it.	NIL	2914.63
	(C) Other Money for which the company is contingently liable	NIL	NIL
	(i) Liability in respect of bills discounted with Banks (Including third party bills discounting)		
(II)	<b>Commitments</b>	NIL	NIL
	(A) Estimated amount of contracts remaining to be executed on capital account and not provided for the year		



## Notes to Financial Statements for the Year ended on 31st March, 2023

Dakshin Gujarat Vij Company Ltd. has raised demand of cross subsidy surcharges for the financial year 2005-06 of ₹ 66.73 lakhs vide its show cause notice / letter no. DGVL/C&R/ CPP/ Cross-Sub.Surch/08/2821 dated 05-06-2008 to Shahlon Industrial Infrastructure Pvt. Ltd, which is merged with Shahlon Silk Industries Ltd. The amount payable is under Dispute. Shahlon Industrial Infrastructure Pvt. Ltd., one of the transferor Company which is merged with Shahlon Silk Industries Ltd. has received notice from collector of electricity duty demanding electricity duty @15% on supply of electricity to its members, whereas the said company has paid electricity duty 0.40 paisa per unit considering power generation is for captive purpose. The amount payable is under dispute.

### Contingent assets

Contingent assets are neither recognized nor disclosed in the financial statement.

Provisions, Contingent Liabilities and Contingent assets are reviewed at each balance sheet date.

### (O) Government Grants: [Ind AS 20]

Grants and subsidies from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants relating to purchase of property, plant and equipment are included in the non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

As per the Second Amendment Rules 2018 notified by MCA on 20th September, 2018 amending IND-AS 20 - Government Grants, an alternative is provided to reporting entities whereby government grant related to assets can be presented by deducting the value of grant from the carrying amount of asset. The said amendment is applicable effective from reporting period beginning on or after 1st April, 2018.

### (P) Intangible assets (Excluding Goodwill): [Ind AS 38]

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the assets can be measured reliably.

Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortization/depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

### (Q) Impairment of non-financial assets - property, plant and equipment and intangible assets: [Ind AS 36]

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors.

An impairment loss is recognized in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use.

Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk

## Notes to Financial Statements for the Year ended on 31st March, 2023

specific to the assets. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### **(R) Finance Cost: [Ind AS 23]**

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of such asset. A Qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowing pending their expenditure on qualifying asset is deducted from the borrowing cost eligible for capitalization. All Other borrowing costs are charged to statement of profit and loss for the period in which they are incurred.

### **(S) Leases: [Ind AS 116]**

Leases are classified as finance leases whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### **Leased assets:**

The company has acquired 99 years leasehold right of Plot no.: Composite unit 1 and 2 & Plot No.

3, 4, 5A and 15, Fairdeal Textile Park, Village: Mahuvej, Taluka: Mangrol, Dist.: Surat, by subscribing to the shares of Fairdeal Textile Park Pvt. Ltd. All the risk and rewards of the leasehold land has been transferred to the Company. The life of leasehold land has been considered beyond estimate because of the period of lease being 99 years and renewable thereafter gives the Company ownership of the plot in perpetuity.

The leasehold land has been recognized at Nil value and the value by virtue of which the Company acquired the leasehold right has been recognized non-current at their historical cost.

Operating lease payments are recognized as an expense. Further, there is no outstanding lease contract which requires the treatment to recognize the right to lease asset and lease liability.

**(T)** Earning in foreign exchange: F.O.B. values of exports Rs. 2906.91 lakhs (Pre. Year Rs. 3367.27 lakhs)

**(U)** Sales/Purchase included inter-divisional transfers of NIL (Pre. Year NIL)

**(V)** Debtors of Rs. 11861.91 lakhs includes Rs. 10.08 lakhs (Pre. Year Rs. 9514.85 lakhs includes Rs. 6.45 lakhs) due from concern in which Directors are interested.

As per our Report of even date  
**For Rasesh Shah & Associates**  
Chartered Accountants  
Firm Reg. No : 108671W

**CA Rasesh B. Shah**  
**Partner**  
M.NO. : 034217  
Place : Surat  
UDIN: 23034217BGQKLD5606  
Date : 26.05.2023

For and on behalf of the Board  
**Shahlon Silk Industries Limited**

**Dhirajlal R. Shah**  
Chairman  
DIN : 00010480

**Hitesh K. Garmora**  
Company Secretary

**Arvind R. Shah**  
Managing Director  
DIN : 00010483

**Satish H. Shah**  
Chief Financial Officer

## ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM

To,  
COMPANY SECRETARY  
**SHAHLON SILK INDUSTRIES LIMITED**  
3RD FLOOR, DAWER CHAMBERS,  
BESIDE J. K. TOWER, RING ROAD,  
SURAT - 395002  
Ph.: 0261-4190200

Dear Sir/Madam,

**RE: Registration for remittance of dividend through electronic mode**

I/We wish to avail ECS facility of the Company for remittance of dividend through electronic mode. Please take on your records my/our following details for the said purpose.

Registered Folio No. : ..... No. of shares : .....

A. Identity Details (FILL IN CAPITAL LETTERS ONLY)			
Name of Sole/Joint Holder(s)	Father's/Husband's Name	Surname of Sole/Joint Holder(s)	Date of Birth

B. Contact Details			
Name of Sole/Joint Holder(s)	E-mail Id	Contact No. (with STD Code)	Registered Address

C. Permanent Account Number (PAN) (MANDATORY)		
Sole/First Holder	Second Holder	Third Holder

**ELECTRONIC CLEARING SERVICE (ECS) DETAILS : (Please fill in Capital Letters only)**

<b>Bank Name</b>																										
<b>Branch Name</b>																										
<b>Branch Code</b>	<table border="1" style="width: 100%; height: 20px;"> <tr> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> </table>																			(9 Digits code number appearing on the MICR Band of the cheque supplied by the Bank) <b>Please attach following documents as a mandatory requirement to register/update your ECS details:</b> 1. A cancelled leaf or a xerox copy of a blank cheque of shareholder's bank account duly cancelled for ensuring accuracy of the bank's name, branch name and code number. 2. Xerox copy of PAN Card of the shareholder including all the joint holders.						
<b>Bank Account No.</b>	<table border="1" style="width: 100%; height: 20px;"> <tr> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> </table>																									
	<b>(As appearing on the cheque book)</b>																									
<b>Type of Account</b>	<table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 33%;">S.B. Account</td> <td style="width: 33%;">Current Account</td> <td style="width: 33%;">Cash Credit Account</td> </tr> </table>												S.B. Account	Current Account	Cash Credit Account											
S.B. Account	Current Account	Cash Credit Account																								
	(Please tick whichever is applicable)																									

I/We hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness in information supplied as above, Shahlon Silk Industries Limited will not be held responsible for the same.

I/We further undertake to inform the Company any change in my/our Bank details and Account Number.

<b>Signature(s) as per specimen recorded with Company</b>		
<b>Sole/First Holder</b>	<b>Second Holder</b>	<b>Third Holder</b>

Place: \_\_\_\_\_ Date: \_\_\_\_\_

**Important Notes:**

1. **The Company will register ECS details in its database only if the signatures of the shareholder(s) match with specimen signatures on records of the Company.**
2. After ECS registration, dividend, as and when declared by the Company, will be remitted into the bank account as per the details registered with the Folio No. / DP ID & Client ID of the shareholder.
3. Shareholders are requested to keep the Company informed as and when there is any change in bank details registered with the Company.
4. Unless bank details are changed by the shareholder(s) by sending communication in writing, the Company will continue to remit dividend, as and when declared by Company, as per the details registered with the Company.
5. On dematerialization of existing physical shares for which shareholder(s) have availed ECS facility, the bank details are required to be submitted to DP of the shareholder for availing ECS facility.

**INTIMATION FORM FOR CHANGE/CORRECTION IN ADDRESS OF COMMUNICATION**

FOR SHAREHOLDING IN PHYSICAL FORM	FOR SHAREHOLDING IN DEMAT FORM
<b>TO, COMPANY SECRETARY SHAHLON SILK INDUSTRIES LIMITED 3RD FLOOR, DAWER CHAMBERS, BESIDE J. K. TOWER, RING ROAD, SURAT - 395002</b>	<b>TO BE SENT TO YOUR DEPOSITORY PARTICIPANT (DP)</b>

Dear Sir/Madam,

**Re. : Change/Correction in address of communication**

Please refer to my/our shareholding in Shahlon Silk Industries Limited as per below mentioned details:

**1. No. of equity shares held:** .....

**2. (I) For shareholding in physical form:**

**Registered Folio No.:** .....

**(ii) For shareholding in Demat Form:**

**DP ID:** ..... **Client ID:** .....

I/We hereby request to change my/our address of communication as per below details, under an intimation to me/us.  
(Please fill in the details in CAPITAL LETTERS ONLY)

Old Address
Flat/Block/House No. : .....
Building/House Name : .....
Landmark Details : .....
Road/Lane/Area Name I : .....
Road/Lane/Area Name II : .....
City : .....
State : .....
PIN Code : .....

New Address
Flat/Block/House No. : .....
Building/House Name : .....
Landmark Details : .....
Road/Lane/Area Name I : .....
Road/Lane/Area Name II : .....
City : .....
State : .....
PIN Code : .....

I/We hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness in information supplied as above, Shahlon Silk Industries Limited will not be held responsible for the same.

I/We further undertake to inform the Company any change in my address of communication.

Thanking You,

	Name	Signature
<b>Sole/First Holder</b>		
<b>Second Holder</b>		
<b>Third Holder</b>		

Place: \_\_\_\_\_ Date: \_\_\_\_\_

**Important Notes :**

1. The Company or its R & T Agent will update the new address in database only if the signatures of the shareholders match with specimen signature on record of the Company.
2. This form must be accompanied by one self-attested copy of new address proof in the name of the shareholder (e.g. Aadhar, Driving License, Passport, Ration Card and Light Bill/Gas Bill)

## FOR ATTENTION OF MEMBERS HOLDING SHARES IN PHYSICAL FORM

Date :

Dear Shareholder(s)

**Sub: (1) Submission of PAN and Bank Details**

**(2) Intimation of Share Transfer in Demat form only w.e.f April 1, 2019**

**Ref: (1) SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20thApril, 2018; and**

**(2) Amendment to Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide Gazette Notification dated June 8, 2018**

This has reference to above mentioned circular and notification of Securities and Exchange Board of India regarding collection of PAN and Bank Account details of all securities holders holding securities in physical form and intimation to them about transfer of securities only in dematerialized form w.e.f April 1, 2019.

In order to comply with above circular, you are requested to provide us the copy of PAN card and Bank Details (Cancelled Cheque leaf with name of the first holder/attested bank passbook showing name of account holder) **within 21 days from the date of the receipt of this letter.**

It may further be noted that pursuant to the above referred SEBI Notification, transfer in securities of the Company shall be allowed in dematerialized form only w.e.f April 1, 2019 and therefore shareholders of the Company still holding shares in physical certificates are hereby advised to dematerialize their shares as soon as possible.

Detailed procedure of dematerialization of securities of the Company and guidance for transfer of shares have been displayed at the website of the Company at [www.shahlon.com](http://www.shahlon.com) for the information of the shareholders.

Thanking You

**For Shahlon Silk Industries Limited**

Sd/-

**Company Secretary**



3rd Floor, Dawer Chambers, Beside J. K. Tower, Khatodara,  
Ring Road, Surat - 395002, Gujarat, India.

**Contact : 0261 419 0200 | [info@shahlon.com](mailto:info@shahlon.com)**  
**Website: [www.shahlon.com](http://www.shahlon.com)**