

ABRIDGED PROSPECTUS

This Abridged Prospectus discloses applicable information of the unlisted entity i.e. Shahlon Silk Industries Limited in compliance with Part E of Schedule VI of the SEBI (ICDR) Regulations, 2018 (*erstwhile Part D of schedule VIII of SEBI (ICDR) Regulations, 2009*) and SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("SEBI Circular").

THIS ABRIDGED PROSPECTUS CONTAINS 6 PAGES. PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES.

SHAHLON SILK INDUSTRIES LIMITED

CIN: U17120GJ2008PLC053464

Registered Office: 91, G.I.D.C., Khatodara, B/H.: Sub-Jail, Ring Road, Surat- 395002, Gujarat

Tel No.: +91 261 2635551-53 & 57 / +91 261 4190200/291; Email id: info@shahlon.comWebsite: www.shahlon.com ; Contact Person: Mr. Hitesh Garmora
(Vice President & Company Secretary)

This Document is prepared to comply with the requirement of Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular and sets out the disclosures in the abridged prospectus format as provided in Part E of Schedule VI of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 to the extent applicable. Fairdeal Filaments Limited (hereinafter referred to as "the Transferor Company" or "FFL") is listed on BSE Limited (hereinafter referred to as "BSE" or "Stock Exchange"). Pursuant to the Scheme of Merger by Absorption of FFL by Shahlon Silk Industries Limited (hereinafter referred to as "the Issuer Company" or "the Transferee Company" or "SSIL"), SSIL shall issue 67,22,222 new Equity Shares of Rs. 10/- each to the existing shareholders of FFL. The new Equity Shares so issued by SSIL will be listed on BSE (on which the existing Equity Shares of FFL is listed) under Regulation 19 (2) (b) of the Securities Contract (Regulation) rules, 1957, as amended. The requirements with respect to General Information Document are not applicable and this abridged prospectus should be read accordingly.

You may download this Abridged Prospectus alongwith the Scheme and the Valuation Report dated August 17, 2018 issued by CNK & Associates, LLP, Chartered Accountants and Fairness Opinion Report dated August 21, 2018 issued by Mark Corporate Advisors Private Limited, Merchant Banker from the website of SSIL i.e. www.shahlon.com and the website of BSE i.e. www.bseindia.com .

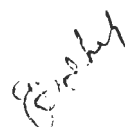
PROMOTERS OF ISSUER COMPANY/ TRANSFEREE COMPANY

MR. JAYANTILAL RAICHAND SHAH, MR. DHIRAJLAL RAICHAND SHAH, MR. ARVIND RAICHAND SHAH AND MR. NITIN RAICHAND SHAH.

SCHEME AND LISTING DETAILS

This is the Scheme of Merger by Absorption of Fairdeal Filaments Limited (hereinafter referred to as "the Transferor Company" or "FFL") by Shahlon Silk Industries Limited (hereinafter referred to as "the Transferee Company" or "SSIL") and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

Pursuant to the Scheme of Merger, SSIL shall issue 67,22,222 new Equity Shares of Rs. 10/- each to the existing shareholders of FFL. Further, the total number of new shares to be issued and allotted by SSIL to the Equity Shareholders of FFL may vary from the total number of shares on account of fractional entitlement as disclosed under clause 8.8 and 8.9 of the Scheme of Arrangement. The New Equity Shares issued by SSIL are proposed to be listed on BSE where the existing Equity Shares of FFL are listed. Accordingly, SSIL will be listed on BSE. Upon the Scheme coming into effect, FFL shall be dissolved without winding up. The name of FFL shall be struck off from the records of the Registrar of Companies,




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Gujarat and SSIL shall make necessary filings in this regard. Further, the name of SSIL will be changed to "Shahlon Limited".

The details with respect to the meeting of the shareholders (including Postal Ballot and e-Voting) of the FFL as convened in accordance with sections 230 to 232 of the Companies Act, 2013 and e-Voting required as per the SEBI Circular and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 where the Scheme would be placed before the shareholders, will be published in the newspapers as may be directed by the Hon'ble National Company Law Tribunal ("NCLT"), Bench at Ahmedabad.

NAME OF THE STATUTORY AUDITOR

M/s Rashesh Shah & Associates, Chartered Accountants, Surat (FRN: 108671W)

DETAILS OF PROMOTERS OF TRANSFEREE COMPANY

1. **Mr. Jayantilal Raichand Shah** aged 71 years s/o Raichand Kanji Shah having PAN AFHPS5255D is a Commerce Graduate and has an experience of around 30 years in the field of textiles. Presently, he is involved in making key policy decisions and also providing guidance and vision for future plans of the Group. He is managing accounting and legal functions of the Shahlon Group.
2. **Mr. Dhirajlal Raichand Shah** aged 64 years s/o Raichand Kanji Shah having PAN ACIPS3898J is a Commerce Graduate and has vast experience of around 34 years in the textile business. He is involved in finance and overall administration of the organization. He has been awarded "outstanding business person" in the year 2013-14 by the South Gujarat Chamber of Commerce and Industry. 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 or government departments:
 - 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 development council for textile industries. (Ministry of Commerce and Industry-Government of India)
 - Past member of textile working group of Gujarat State government.
3. **Mr. Arvind Raichand Shah** aged 60 years s/o Raichand Kanji Shah having PAN AFHPS5480E is a Science Graduate and has vast experience of around 34 years in the textile business. He is involved in product development, exploration of new business opportunities, and head of marketing function in the organization. He manages team of experienced marketing managers who are generally textile engineers & MBA in marketing.
4. **Mr. Nitin Raichand Shah** aged 58 years s/o Raichand Kanji Shah having PAN ACIPS3899K is a commerce graduate having vast experience of around 34 years in textile business. Presently, he looks after technical and product development function in the Company. He manages team of qualified technical persons.

Other than above, the following persons/ entities belong to Promoter Group of the Company:

Pravinchandra Raychand Chheda, Jayantilal Raichand Shah Karta of Raichand K. Shah Huf, Jayantilal Raichand Shah Karta of Jayantilal R. Shah Huf, Pravinchandra Raychand Chheda Karta of Pravin R. Shah Huf, Dhirajlal Raichand Shah Karta of Dhirajlal R. Shah Huf, Mahendra Raichand Shah Karta of Mahendra R. Shah Huf, Arvind Raichand Shah Karta of Arvind R. Shah Huf, Nitin Raichand Shah Karta of Nitin R. Shah Huf, Dipan Jayantilal Shah Karta of Dipan J. Shah Huf, Dhirajlal R. Shah Nominee of Lotus Marketing, Mahendra Raichand Shah, Dipan Jayantilal Shah, Kanchan Dhirajlal Shah, Harsh Mahendra Shah, Damyanti Jayantilal Shah, Meena Mahendra Shah,



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Avani Arvind Shah, Sonal Dipan Shah, Dhruv Arvind Shah, Jenil Dipan Shah, Ravi Mahendra Shah, Biren Jayantilal Chheda, Biren Jayantilal Chheda Karta of Biren Jayantilal Shah- Huf, Minaxi Nitin Shah, Smita Biren Chheda And Fairdeal Filaments Ltd.

BUSINESS MODEL/ BUSINESS OVERVIEW AND STRATEGY

Shahlon Silk Industries Limited was originally incorporated as Shahlon Silk Mills Private Limited on 2nd April, 2008. The name of the Company was changed from Shahlon Silk Mills Private Limited to Shahlon Silk Industries Private Limited vide fresh Certificate of Incorporation dated December 03, 2013. The name of the Company has been changed from Shahlon Silk Industries Private Limited to Shahlon Silk Industries Limited vide fresh Certificate of Incorporation dated August 10, 2018 consequent to conversion from Private Company to Public Company. Post-Merger the name of Shahlon Silk Industries Limited will be changed to "Shahlon Limited". The Corporate Identification Number of the Company is U17120GJ2008PLC053464.

SSIL is engaged in manufacturing of grey fabric on water jet looms, air jet looms & rapier looms along with all types of yarn preparatory activities like Sizing, Texturizing, Yarn Dyeing, Twisting, Crape, Ply yarn etc. The Company is a marketing agent of Reliance Industries Limited for yarn products. The Company has also installed windmill having capacity of 1.25MW windmill, another one having capacity of 0.6MW windmill and one more having capacity of 2.1MW windmill for captive power consumption.

BOARD OF THE DIRECTORS

Sr. No.	Name	Designation (Independent/ Whole Time/ Executive/ Nominee)	Address	Experience
1.	Mr. Dhirajlal Raichand Shah	Non Executive Promoter Director	S-135, Someshwara Enclave, Udhana Magdalla Road, Vesu, Surat-395007, Gujarat	<ul style="list-style-type: none"> ➤ He is a Commerce Graduate and has vast experience of more than 3 decades in the textile business. ➤ For further details, refer to "Details of Promoters of Transferee Company" section.
2.	Mr. Arvind Raichand Shah	Non Executive Promoter Director	202, Soneri Apartment, Near Chinmay Hospital, Near Forum Apartment, Ghod Dod Road, Surat-395007, Gujarat	He is a Science Graduate and has vast experience of 34 years in textile business. He is involved in product development, exploration of new business opportunities and head of marketing function in the organization. He manages team of experienced marketing managers like textile engineers & MBA in marketing.
3.	Mr. Nitin Raichand Shah	Managing Director	9, Deep Mangal Society, Near Narmad Library, Athwalines, Surat- 395007, Gujarat	He is a commerce graduate having vast experience of more than 34 years in textile business. Presently, he looks after technical and product development function in the Company. He manages team of qualified technical persons.
4.	Ms. Richa	Independent	501, Prakruti	She is a Law graduate and fellow member of

Prakruti



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	Manoj Goyal	Director	Apartment, Opposite Uma Bhavan, Bhatar Road, Althan, Surat- 395017, Gujarat	the Institute of Company Secretaries of India. She is a proprietor at renowned legal firm of Company Secretaries – M/s. Richa Goyal and Associates working in areas of GST, Intellectual Property and Corporate Laws.
5.	Mr. Rajendra Kundanlal Desai	Independent Director	4/B, Shanti Kunj Society, Near L.B. Cinema, Surat Municipal. Corp, Bhata R. Road, Surat- 395001, Gujarat	He is a qualified chartered accountant with an experience of more than 30 years in field of project finance, audit, accounts and taxation. He provides valuable inputs in the matter of future planning and better compliance with corporate governance norms.

OBJECTS OF THE ISSUE NOT APPLICABLE

SHAREHOLDING PATTERN						
Sr. No.	Particulars		Pre- Merger		Post- Merger	
			No. held	Shares %	No. Shares held	%
1.	Promoter/ Group	Promoter	1,11,52,250	100.00	*1,30,47,456	73.06
2.	Public		0	0.00	48,11,016	26.94
	Total		1,11,52,250	100.00	1,78,58,472	100.00

* excludes 16,000 (0.14%) Equity Shares of Shahlon Silk Industries Limited held by Fairdeal Filaments Limited (Transferor Company) shall be cancelled on account of cross holding.

RESTATED AUDITED FINANCIALS						
Particulars	Latest Stub Period 30.09.2018	(Rupees in Lacs)				
		For F.Y. ended 31.03.2018	For F.Y. ended 31.03.2017	For F.Y. ended 31.03.2016	For F.Y. ended 31.03.2015	For F.Y. ended 31.03.2014
Total Income from Operations (Net)	15,141.41	31,773.33	29,303.40	30,293.52	30,420.89	27,151.70
Net Profit/ (Loss) Before Tax and Extraordinary Items	141.61	249.13	50.68	65.02	223.97	108.96
Net Profit/ (Loss) After Tax and Extraordinary Items	69.94	62.87	169.41	217.78	182.75	131.14
Equity Share Capital	1,115.23	1,115.23	223.05	223.05	223.05	50.06
Reserves & Surplus	5,605.59	5,535.65	6,401.47	6,380.27	6,210.68	6,270.91
Net Worth	6,720.82	6,650.88	6,624.51	6,603.32	6,433.73	6,320.97
Basic earnings per share (Rs.)	0.63	2.74	7.52	9.64	12.55	26.18

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Diluted earnings per share (Rs.)	0.63	2.74	7.52	9.64	12.55	6.28
Return on Net Worth (%)	1.04%	0.95%	2.56%	3.30%	2.84%	2.07%
Net Assets Value per share (Rs.)	60.26	59.64	297.00	296.05	288.45	1262.68

INTERNAL RISK FACTORS

1. The basic raw material for manufacturing Company's product is Partially Oriented Yarn (POY), Fully Drawn Yarn (FDY), Polyester Filament Yarns (PFY), etc. Fluctuating prices of raw material is a big concern for the industry which may strain the profitability margins of the Company.
2. Limited/ Low bargaining power in the customer ruled market. Limited pricing flexibility.
3. Availability of skilled manpower is a concern. Our business is labour oriented business, our operations could be adversely affected by work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.
4. We may be seriously affected by delays in the collection of receivables from our clients and may not be able to recover adequately on our claims.
5. Our business requires high working capital. In case there are insufficient cash flows to meet our requirement or our inability to arrange the same from other sources, there may be an adverse impact on the results of our operations.

SUMMARY OF OUSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

- A. Total number of outstanding litigations against the Company and amount involved: 4
 B. Brief details of top 5 material outstanding litigations against the company and amount involved

Sr. No.	Particulars	Litigation filed by	Current status	Amount involved
1.	Dakshin Gujarat Vij Company Ltd. has raised demand of cross subsidy surcharges for the financial year 2005-06 of Rs. 66.73 lacs vide its show cause notice / letter no. DGVL/C&R/PPP/Cross-Sub. Surch/08/2821 dated 05-06-2008 to Shahlon Industrial Infrastructure Pvt. Ltd, which is merged with Shahlon Silk Industries Pvt. Ltd. The amount payable is under Dispute.	Dakshin Gujarat Vij Company Ltd.	Special appeal filed in the Supreme Court is pending for final hearing.	Rs. 66.73 Lakhs
2.	Shahlon Industrial Infrastructure Pvt. Ltd., one of the transferor Company which is merged with Shahlon Silk Industries Pvt. 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 paise per unit considering power generation is for captive purpose. The amount payable is under dispute.	Shahlon Industrial Infrastructure Pvt. Ltd.	Petition filed before the collector of electricity duty, Gujarat is pending for order.	Amount is not ascertained

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3.	Shahlon Industries Pvt. Ltd., one of the transferor Company which is merged with Shahlon Silk Industries Pvt. Ltd. Assessed by Deputy Commissioner of Income Tax u/s 143(3) r.w.s. 263 of the Income Tax Act, 1961, for Rs.24.71 Lakhs in the matter of income-tax return filed for the AY 2013-14.	Shahlon Industries Pvt. Ltd.	Pending before Income-tax Appellate Tribunal (ITAT), Surat Bench.	Rs. 24.71 Lakhs
4.	Shahlon Industries Pvt. Ltd., one of the transferor Company which is merged with Shahlon Silk Industries Pvt. Ltd. Assessed by Deputy Commissioner of Income Tax u/s 143(3) r.w.s. 147 of the Income Tax Act, 1961, for Rs. 29.59 Lakhs in the matter of income-tax return filed for the AY 2012-13.	Shahlon Industries Pvt. Ltd.	Pending before High Court of Gujarat	Rs. 29.59 Lakhs

C. Regulatory Action, if any- disciplinary action taken by SEBI or Stock Exchanges against the Promoters in last 5 financial years including action, if any.- Nil

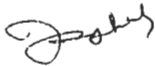
D. Brief details of outstanding criminal proceedings against Promoters - Nil

ANY OTHER IMPORTANT INFORMATION AS PER THE TRANSFEREE COMPANY
NIL

DECLARATION BY THE COMPANY

We hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/ regulations issued by the Government of India or the guidelines/ regulations issued by the Securities and Exchange Board of India, established under Section 3 of Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Abridged Prospectus is contrary to the provisions of Companies Act, 2013, Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements in the Abridged Prospectus are true and correct.

For Shahlon Silk Industries Limited



Dhirajlal Raichand Shah
Director
 DIN: 00010480
 Place: Surat
 Date: 29.01.2019

