

FAIRDEAL FILAMENTS LIMITED

CIN - L17110GJ1990PLC013771

Regd. Office : 3rd Floor, Dawer Chambers, Near Sub-Jail, Ring Road, Surat 395 002 in the State of Gujarat

Web Site : www.shahlon.com **Email Id :** info@shahlon.com

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NOTICE OF THE TRIBUNAL CONVENED MEETING OF THE EQUITY SHAREHOLDERS MEETING OF

FAIRDEAL FILAMENTS LIMITED WHICH INCLUDES PUBLIC SHAREHOLDERS OF FAIRDEAL FILAMENTS LIMITED

(convened pursuant to an order dated 24th day of January, 2019 passed by the National Company Law Tribunal, Bench at Ahmedabad)

Tribunal Convened Meeting Brief Details :

Day : Monday

Date : 11th day of March, 2019

Time : 11 a.m.

Venue : 3rd Floor, Dawer Chambers, Nr. Sub Jail, Ring Road, Surat - 395 002 in the State of Gujarat

Postal Ballot and E-voting :

Start date and Time : 08th day of February, 2019 at 9:00 a.m.

End date and Time : 10th day of March, 2019 at 5:00 p.m.

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL BENCH, AT AHMEDABAD
COMPANY SCHEME APPLICATION NO. 8 OF 2019**

In the matter of the Companies Act, 2013;
And
In the matter of Sections 230 to 232 of the Companies Act, 2013;
And
In the matter of Scheme of Merger by absorption of Fairdeal
Filaments Limited ("**FFL**" or "**Transferor Company**") by Shahlon
Silk Industries Limited ("**SSIL**" or "**Transferee Company**");
And
their respective shareholders and creditors.

Fairdeal Filaments Limited (CIN : L17110GJ1990PLC013771)
a company incorporated under the Companies Act, 1956,)
having its registered office situated at 3rd Floor, Dawer Chambers,)
Near Sub-Jail, Ring Road, Surat 395 002 in the State of Gujarat) **Applicant Company / Transferor Company / FFL**

**NOTICE OF THE TRIBUNAL CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF FAIRDEAL FILAMENTS LIMITED
FORM NO. CAA 2**

[Pursuant to Section 230 (3) and rule 6 and 7]

Notice is hereby given that by an Order dated the January 24, 2019 the Ahmedabad Bench of National Company Law Tribunal has directed a meeting of the Equity Shareholders of Fairdeal Filaments Limited to be held for the purpose of considering, and if thought fit, approving with or without modification(s), the Scheme of Merger by absorption of Fairdeal Filaments Limited ("**FFL**" or "**Transferor Company**") by Shahlon Silk Industries Limited ("**SSIL**" or "**Transferee Company**").

In pursuance of the said Order and as directed therein, further notice is hereby given that, a meeting of the Equity Shareholders of the Applicant Company will be held at 3rd Floor, Dawer Chambers, Nr. Sub Jail, Ring Road, Surat-395002 in the State of Gujarat on the Monday 11th day of March, 2019 at 11 a.m., at which time and place the said members are requested to attend. At the meeting the following resolution to be submitted for approval of the Equity Shareholders of the Applicant Company at their meeting, and if thought fit, be passed with or without modification(s):

"RESOLVED THAT pursuant to the provisions of Sections 230 to 232 and other applicable provisions if any of the Companies Act, 2013, to the extent still applicable provisions of the Companies Act, 1956, along with the rules and regulations issued thereunder, including any statutory modification(s), re-enactment(s) or amendment(s) made thereto from time to time, subject to the Memorandum of Association and Articles of Association of the Company, approval from the members of the Company, approval from its creditors and subject to the sanction of the National Company Law Tribunal ("NCLT") constituted under the Companies Act, 2013, and subject to the approval of any other statutory or governmental authorities, the Draft Scheme of Merger by absorption of Fairdeal Filaments Limited (the "Company") by Shahlon Silk Industries Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office situated at 91, G.I.D.C., Khatodara, B/H.: Sub-Jail, Ring Road, Surat, Gujarat 395002, India ("**SSIL**") and their respective shareholders and creditors ("**Scheme**") which is placed before the meeting and initialed by the Chairman for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT upon sanction of the said Scheme by the NCLT and upon the Scheme becoming effective, without any further act or deed on the part of SSIL, SSIL will, in aggregate, issue and allot 67,22,222 (Sixty seven lakhs twenty two thousand two hundred twenty two only) equity shares of Rs.10 each (the "New Equity Shares") to the registered fully paid-up equity shareholders of the Company, whose names are recorded in the register of equity shareholders of the Company on the Record Date, in the ratio of 1:0.90 i.e. 1 (one) equity share of Rs.10 each credited as fully paid up in SSIL for every 0.90 (zero point ninety) equity shares of Rs.10 each fully paid up in the Company.

RESOLVED FURTHER THAT Upon the Scheme coming into effect, the Company shall without any further act or deed, stand dissolved without winding up.

RESOLVED FURTHER THAT Mr. Dhirajlal Raichand Shah and Mr. Jayantilal Raichand Shah, the Directors of the Company and/ or Authorised Signatories of the Company, be and are hereby jointly and severally authorised to make such alterations and changes in the Scheme, as may be expedient and necessary for satisfying the requirement(s) or conditions imposed by the NCLT or any other statutory authorities as may be required, provided that prior approval of the Board shall be obtained for making any material changes in the said draft Scheme, as approved in this meeting.

RESOLVED FURTHER THAT the Directors of the Company, be and are hereby jointly and severally authorised to do, or cause to be done all such acts, deeds and things, and/or file all such documents, as may be necessary for the sanctioning and implementation of the Scheme."

Copies of the said Scheme and of the statement under section 230 can be obtained free of charge at the registered office of the Company or at the office of its Advocates, Nanavati Associates, Satyam Corporate Square, B-Block, Nr. Friends Avenue, Opp. Astral House, Bodakdev, Ahmedabad, Gujarat 380054. Persons entitled to attend and vote at the meeting, may vote in person or by proxy, provided that all proxies in the prescribed form are deposited at the registered office of the company at 3rd Floor, Dawer Chambers, Nr. Sub Jail, Ring Road, Surat - 395002 in the State of Gujarat, India not later than 48 hours before the meeting.

Form of proxy is also annexed to this Notice and can be obtained from the registered office of the Applicant Company or from the office of its Advocates as mentioned above.

The Tribunal has appointed Mr. Dhirajlal Raichand Shah, Managing Director of the Applicant Company, and failing him, Mr. Jayantilal Raichand Shah, the Director of the Applicant Company as Chairman of the said meeting. The above mentioned merger, if approved at the meeting, will be subject to the subsequent approval of the Tribunal. A copy of the Explanatory Statement, under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the scheme and the other enclosures as indicated in the Index are enclosed.

Sd/-

Mr. Dhirajlal Raichand Shah

Chairperson appointed for the meeting.

Dated this 1st day of February, 2019

Place : Surat

Registered Office : 3rd Floor, Dawer Chambers, Near Sub-Jail, Ring Road, Surat 395 002 in the State of Gujarat.

NOTES :

1. Only registered equity shareholders of the Applicant Company may attend and vote (*either in person or by proxy or by authorised representative under applicable provisions of the Companies Act*) at the Equity Shareholders meeting. The authorized representative of a body corporate which is a registered Equity Shareholder of the Applicant Company may attend and vote at the Equity Shareholders meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorizing such representative to attend and vote at the Equity Shareholders meeting is deposited at the registered office of the Applicant Company not later than 48 hours before the meeting.
2. As per Section 105 of the Companies Act, 2013 and rules made thereunder, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. A person can act as a proxy on behalf of members not exceeding 50 and holding in aggregate not more than 10% of the total share capital of the Applicant Company carrying voting rights. Further, a member holding more than 10% of the total share capital of the Applicant Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
3. The form of proxy can be obtained free of charge from the Registered Office of the Applicant Company. All alterations made in the form of proxy should be initiated.
4. A Member or his Proxy is requested to bring the copy of this notice at the meeting, and produce it at the entrance of the meeting venue, the enclosed attendance slip duly completed and signed.
5. Foreign Institutional Investor (FII), if any, who are registered Equity Shareholder(s) of the Applicant Company would be required to deposit certified copies of Custodial resolutions / Power of Attorney, as the case may be, authorizing the individuals named therein, to attend and vote at the meeting on its behalf. These documents must be deposited at the Registered Office of the Applicant Company not later than 48 hours before the meeting
6. During the period beginning 24 (*twenty four*) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, an Equity Shareholder would be entitled to inspect the proxies lodged at any time during the business hours of the Applicant Company, provided that not less than 3 (three) days of notice in writing is given to the Applicant Company.
7. In compliance with the provisions of (i) Section 230(4) read with Sections 108 and 110 of the Companies Act, 2013; (ii) Rule 6(3) (xi) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016; (iii) Rule 22 read with Rule 20 and other applicable provisions of the Companies (Management and Administration) Rules, 2014; (iv) Regulation 44 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (v) Circular No. CFD/DIL3/CIR/2017/21 dated 10th March, 2017 issued by the Securities and Exchange Board of India, the Applicant Company has provided the facility of voting by postal ballot and e-voting so as to enable the Equity Shareholders, which includes the Public Shareholders, to consider and approve the scheme by way of the aforesaid resolution. Accordingly, voting by Equity Shareholders of the Applicant Company to the scheme shall be carried out through (i) postal ballot or e-voting and (ii) ballot or polling paper at the venue of the meeting to be held on the 11th of March, 2019 at 11 a.m. at 3rd Floor, Dawer Chambers, Nr. Sub Jail, Ring Road, Surat -395002 in the State of Gujarat, India.
8. A registered Equity Shareholder or his proxy, attending the meeting, is requested to bring the Attendance Slip duly completed and signed.
9. The registered Equity Shareholders who hold shares in dematerialised form and who are attending the meeting are requested to bring their DP ID and Client ID for easy identification.

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10. The registered Equity Shareholders are informed that in case of joint holders attending the meeting, only such joint holder whose name stands first in the register of members of the Applicant Company/ list of beneficial owners as received from National Securities Depository Limited ("NSDL")/ Central Depository Services (India) Limited ("CDSL") in respect of such joint holding, will be entitled to vote.
 11. Equity Shareholders (*which includes Public Shareholders*) holding equity shares as on 1st day of February, 2019, being the cut off date, will be entitled to exercise their right to vote on the above resolution.
 12. The Notice, together with the documents accompanying the same, is being sent to all the Equity Shareholders either by registered post by courier or by speed post or electronically by e-mail to those Equity Shareholders who have registered their e-mail ids with the Applicant Company/Registrar and Share Transfer Agents/ NSDL / CDSL, whose names appear in the register of members/list of beneficial owners as received from NSDL/ CDSL as on 25th day of January, 2019.
 13. The Notice will be displayed on the website of the Applicant Company www.shahlon.com and on the website of CDSL - www.evotingindia.com.
 14. A person, whose name is not recorded in the register of members or in the register of beneficial owners maintained by NSDL/CDSL as on the cut off date i.e. 1st day of February, 2019 shall not be entitled to avail the facility of e-voting or voting through postal ballot or voting at the meeting to be held on 11th day of March, 2019. Voting rights shall be reckoned on the paid-up value of the shares registered in the names of Equity Shareholders (*which include Public Shareholders*) as on 1st day of February, 2019. Persons who are not Equity Shareholders of the Applicant Company as on the cut-off date i.e. 1st day of February, 2019 should treat this notice for information purposes only.
 15. The voting by the Equity Shareholders (*including the Public Shareholders*) through the postal ballot or e-voting shall commence at 9:00 am on 8th day of February, 2019 and shall close at 5:00 pm on 10th day of March, 2019.
 16. The notice convening the meeting will be published through advertisement in (i) 'Financial Express' all Gujarat Edition in English language; and (ii) translation thereof in Sandesh' all Gujarat edition in Gujarati-language.
 17. Circular No. CFD/DIL3/CIR/2017/21 dated 10th March, 2017, ("*SEBI Circular*") issued by the Securities and Exchange Board of India ("*SEBI*"), inter alia, provides that approval of Public Shareholders of the Applicant Company to the scheme shall be obtained by way of voting through e-voting. Since, the Applicant Company is seeking the approval of its Equity Shareholders (which includes Public Shareholders) to the scheme by way of voting through (i) postal ballot, (ii) e-voting and (iii) Ballot or Polling Paper, no separate procedure would be required to be carried out by the Applicant Company for seeking the approval to the scheme by its Public Shareholders in terms of SEBI Circular. The aforesaid notice sent to the Equity Shareholders which include (Public Shareholders) of the Applicant Company would be deemed to be the notice sent to the Public Shareholders of the Applicant Company. For this purpose, the term "Public" shall have the meaning assigned to it in Rule 2(d) of the Securities Contracts (Regulations) Rules, 1957 and the term "Public Shareholders" shall be construed accordingly. In terms of SEBI Circular the Applicant Company has provided the facility of voting by e-voting to its Public Shareholders.

NCLT, by its Order, has, inter alia, held that since the Applicant Company is directed to convene a meeting of its Equity Shareholders, which includes Public Shareholders, and the voting in respect of the Equity Shareholders, which includes Public Shareholders, is through postal ballot, e-voting and Ballot or Polling Paper, the same is in sufficient compliance of SEBI Circular and Companies Act, 2013 and rules made thereunder.
 18. In accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority of persons representing three fourth in value of the Equity Shareholders of the Applicant Company, voting in person or by proxy or by postal ballot or e-voting or Ballot or Polling Paper, agree to the Scheme.
 19. Further, in accordance with the SEBI Circular, the Scheme shall be acted upon only if the votes cast by the Public Shareholders in favour of the aforesaid resolution for approval of Scheme are more than the number of votes cast by the Public Shareholders against it.
 20. The Applicant Company has engaged the services of Central Depository Services (India) Limited ("*CDSL*") for facilitating e-voting for the said meeting to be held on 11th day of March, 2019 at 11 a.m. at 3rd Floor, Dawer Chambers, Nr. Sub Jail, Ring Road, Surat - 395002 in the State of Gujarat, India. Equity Shareholders desiring to exercise their vote by using e-voting facility are requested to follow the instructions mentioned in Note 33 below.
 21. A postal ballot form along with self-addressed postage pre-paid envelope is also enclosed. Equity Shareholders' voting in physical form is requested to carefully read the instructions printed in the attached postal ballot form. Equity Shareholders who have received the postal ballot form by e-mail and who wish to vote through postal ballot form can download the postal ballot form from the Applicant Company's website www.shahlon.com or seek duplicate postal ballot form from the Applicant Company.
 22. Equity Shareholders shall fill in the requisite details and send the duly completed and signed postal ballot form in the enclosed self-addressed postage pre-paid envelope to the scrutinizer so as to reach the scrutinizer before 5.00 p.m. on or before Sunday, 10th day of March, 2019. Postal ballot form, if sent by courier or by registered post/speed post at the expense of an Equity Shareholder will also be accepted. Any postal ballot form received after the said date and time period shall be treated as if the reply from the Equity Shareholders has not been received.
 23. Incomplete, unsigned, improperly or incorrectly tick marked postal ballot forms will be rejected by the scrutinizer.
 24. The vote on postal ballot cannot be exercised through proxy.
 25. There will be only 1 (one) postal ballot form for every registered folio/client ID irrespective of the number of joint Equity Shareholders.

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26. The postal ballot form should be completed and signed by the Equity Shareholders (*as per specimen signature registered with the Applicant Company and/or furnished by the Depositories*). In case, shares are jointly held, this form should be completed and signed by the first named Equity Shareholder and, in his/her absence, by the next named Equity Shareholder. Holder(s) of Power of Attorney ("PoA") on behalf of an Equity Shareholder may vote on the postal ballot mentioning the registration number of the PoA with the Applicant Company or enclosing a copy of the PoA authenticated by a notary. In case of shares held by companies, societies etc., the duly completed postal ballot form should be accompanied by a certified copy of the board resolution/ authorization giving the requisite authority to the person voting on the postal ballot form.
 27. Mr. Devesh A. Pathak, a practicing Company Secretary, (Membership No. 4559) has been appointed as the scrutinizer to conduct the postal ballot, e-voting process and Ballot or Polling Paper and voting at the venue of the meeting in a fair and transparent manner.
 28. The scrutinizer will submit his combined report to the Chairman of the meeting after completion of the scrutiny of the votes cast by the Equity Shareholders, which includes Public Shareholders, of the Applicant Company through (i) e-voting process, (ii) postal ballot and (iii) ballot or polling paper at the venue of the meeting. The scrutinizer will also submit a separate report with regard to the result of the postal ballot and e-voting in respect of Public shareholders. The scrutinizer's decision on the validity of the vote (including e-votes) shall be final. The results of votes cast through (i) e-voting process, (ii) postal ballot and (iii) ballot or polling paper at the venue of the meeting including the separate results of the postal ballot and e-voting exercised by the Public Shareholders will be announced on or before 13th day of March, 2019 at the Registered Office of the Applicant Company. The results, together with the scrutinizer's Reports, will be displayed at the Registered Office of the Applicant Company, on the website of the Applicant Company - www.shahlon.com and on the website of CDSL - www.evotingindia.com besides being communicated to BSE Limited.
 29. The Equity Shareholders of the Applicant Company can opt only one mode for voting i.e. by postal ballot or e-voting or voting at the venue of the meeting. If an equity shareholder has opted for e-voting, he should not vote through ballot paper or polling paper at the venue of the meeting. However, if he casts vote by both modes i.e. e-voting and through ballot paper or polling paper at the venue of the meeting, voting validly done through e-voting shall prevail and voting done by ballot paper/polling paper at the venue of other meeting shall be treated invalid. If an equity shareholder votes through ballot paper/polling paper at the meeting as well as through postal ballot scrutinizer will be at discretion to consider either of them.
 30. The Equity Shareholders of the Applicant Company attending the meeting who have not cast their vote either through postal ballot or e-voting shall be entitled to exercise their vote at the venue of the meeting. Equity Shareholders who have cast their votes through postal ballot or e-voting may also attend the meeting but shall not be entitled to cast their vote again.
 31. The voting through postal ballot and e-voting period will commence at 9.00 a.m. on Friday, the 8th day of February, 2019 and will end at 5.00 p.m. on Sunday, the 10th day of March, 2019. During this period, the Equity Shareholders (*which includes Public Shareholders*) of the Applicant Company holding shares either in physical form or in dematerialised form, as on the cut-off date, i.e. 1st day of February, 2019 may cast their vote electronically or by postal ballot. The e-voting module shall be disabled by CDSL for voting on 10th day of March, 2019 at 5.00 p.m.. Once the vote on the resolution is cast by an Equity Shareholder, he or she will not be allowed to change it subsequently.
 32. Any queries/grievances in relation to the voting by postal ballot or e-voting may be addressed to Mr. Jitesh R. Varkal, Company Secretary, at the Registered Office of the Company at 3rd Floor, Dawer Chambers, Near Sub-Jail, Ring Road, Surat, State of Gujarat, India – 395002 or through email to info@shahlon.com. Jitesh Varkal, Company Secretary of the Applicant Company who can also be contacted at +91 261 4190200. Such queries/grievances shall be sent in such a way that the Company will receive the same at least 7 (seven) days before the meeting Any query/grievance related to the e-voting may be addressed to Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 16th Floor, Dalal Street, Fort, Mumbai – 400001. Email id : helpdesk.evoting@cdslindia.com Phone number : 18002005533.
 33. Voting through Electronic Means:
 - a. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide E-voting facility to the Equity Shareholders (which include Public Shareholders) to cast their votes electronically on the resolution mentioned in the Notice convening the meeting of the Equity Shareholders (which includes Public shareholders) of the company (NCLT convened Meeting). The facility of casting the votes by the members using an electronic voting system from a place other than venue of the NCLT convened Meeting ("remote e-voting") will be provided by Central Depository Services (India) Limited (CDSL).
 - b. The facility for voting through ballot paper shall be made available at the NCLT convened Meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
 - c. The members who have cast their vote by remote e-voting prior to the NCLT Convened Meeting may also attend the NCLT Convened Meeting but shall not be entitled to cast their vote again.
 - d. The remote e-voting period commences on 8th day of February, 2019 (9.00 a.m.) and ends on 10th day of March, 2019 (5.00 p.m.). During this period members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of 1st day of February, 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
 - e. The process and manner for remote e-voting are as under:
 - (i) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (ii) Click on Shareholders.
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- (iii) Now Enter your User ID
- For CDSL : 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below :

	For Members holding shares in Demat Form and Physical Form
PAN	<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"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field- address label/sticker affixed on the back page of the Annual Report.
Dividend Bank Details OR Date of Birth (DOB)	<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"> 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 as mentioned in instruction (iv).

- (vii) After entering these details appropriately, click on "**SUBMIT**" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members 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.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xi) 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.
- (xii) Click on the "**RESOLUTIONS FILE LINK**" if you wish to view the entire Resolution details.
- (xiii) 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.
- (xiv) Once you "**CONFIRM**" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvi) 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.
- (xvii) Shareholders can also use Mobile app – "m-Voting" for e voting. m-Voting app is available on IOS, Android & Windows based Mobile. Shareholders may log in to m-Voting using their e voting credentials to vote for the company resolution(s).
- (xviii) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to 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.

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- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - 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.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

(xx) Following person responsible to address the grievances connected with facility for voting by electronic means:

Name : Mr. Rakesh Dalvi

Designation : Deputy Manager

Address : Phiroze Jeejeebhoy Towers, 16th Floor, Dalal Street, Fort, Mumbai – 400001.

Email id : helpdesk.evoting@cdslindia.com

Phone number : 18002005533

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. 1st day of February, 2019, may obtain the login ID and password by sending a request to helpdesk.evoting@cdslindia.com or Issuer/RTA. However, if person is already registered with CDSL for e voting then existing User ID and password can be used for casting vote.

34. All documents referred to in the Notice and the Explanatory Statement annexed hereto, are open for inspection up to one day prior to the said meeting, at the Registered Office of the Applicant Company between 11.00 a.m. and 1:00 p.m. on all working days of the Applicant Company (except Saturdays, Sundays and Government Holidays).

EXPLANATORY STATEMENT TO THE NOTICE OF THE MEETING OF EQUITY SHAREHOLDERS OF FAIRDEAL FILAMENTS LIMITED UNDER SECTION 102 AND 230 OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL BENCH, AT AHMEDABAD
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In the matter of the Companies Act, 2013;
And
In the matter of Sections 230 to 232 of the Companies Act, 2013;
And
In the matter of Scheme of Merger by absorption of Fairdeal Filaments Limited ("**FFL**" or "**Transferor Company**") by Shahlon Silk Industries Limited ("**SSIL**" or "**Transferee Company**");
And
their respective shareholders and creditors.

Fairdeal Filaments Limited ... Applicant Company/ Transferor Company/ FFL

In this Statement, Fairdeal Filaments Limited is hereinafter referred to as "*Applicant Company*" or "*Transferor Company*" or "*FFL*", and Shahlon Silk Industries Limited is hereinafter referred to as the "*Transferee Company*" or "*SSIL*". The other definitions contained in the enclosed Scheme of Merger by absorption of Fairdeal Filaments Limited by Shahlon Silk Industries Limited and their respective shareholders and creditors (the "**Scheme**") will also apply to this statement under Section 230 of the Companies Act, 2013 (the "**Explanatory Statement**")

The Explanatory Statement sets forth the details of the proposed Scheme, its effects, and in particular any material interests of the Directors in their capacity as member(s) or creditors or otherwise.

1. ORDER OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, AHMEDABAD BENCH

- 1.1. Pursuant to an Order passed on January 24, 2019 by the Hon'ble National Company Law Tribunal, Ahmedabad Bench (the Tribunal) in the Company Scheme Application referred to hereinabove, a meeting of the Equity Shareholders of the Applicant Company is being convened and held on the Monday, 11th day of March, 2019 at 11 a.m. at 3rd Floor, Dawer Chambers, Nr. Sub Jail, Ring Road, Surat - 395002 in the State of Gujarat, for the purpose of considering and, if thought fit, approving with or without modification(s) the proposed Scheme.
- 1.2. A copy of the Scheme, setting out the terms and conditions of the Scheme is enclosed hereto as **Annexure A**.
- 1.3. A copy of the Company Scheme Application No. 8 of 2019 comprising the Scheme and along with all the annexures has been served upon the Regional Director and the Official Liquidator.

2. SCHEME AND ITS APPROVAL OF THE BOARD OF DIRECTORS

- 2.1. The proposed Scheme inter-alia envisages:
 - 2.1.1. Merger, transfer and vesting of the Applicant Company/ Transferor Company on a going concern basis with/ into the Transferee Company; and
 - 2.1.2. Various other matters consequential or otherwise integrally connected herewith.
 - 2.1.3. The Scheme has been approved by the Board of Directors of the Applicant Company on August 22, 2018 by passing necessary Resolution.

3. BRIEF DETAILS OF THE APPLICANT COMPANY

- 3.1. The Applicant Company was originally incorporated under the name of 'Fairdeal Filaments Private Limited' under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated May 15, 1990 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli.
- 3.2. The legal status of the Applicant Transferor Company was subsequently changed to a public limited company and consequent upon the said change of status, the name of the Applicant Transferor Company was changed from 'Fairdeal Filaments Private Limited' to its present name i.e. 'Fairdeal Filaments Limited' vide fresh Certificate of Incorporation dated March 1, 1994 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli.
- 3.3. The registered office of the Applicant Company is located 3rd Floor, Dawer Chambers, Near Sub Jail, Ring Road, Surat -395002 in the State of Gujarat.

- 3.4. The main objects of the Applicant Company as set out in its Memorandum of Association are reproduced below for ease of reference:
- "1. To carry on the business of weaving, twisting, texturising, crimping, sizing, printing, processing, dyeing, knitting and to carry on all activities connected with converting any kind of yarn into final products.
 2. To carry on business comprising all activities connected with manufacture of art-silk, cloth and or other fabrics from yarn.
 3. To carry on business as manufacturers of dealers in all kinds of man-made and synthetic fibres.
 4. To carry on business of manufacturing, bleaching, connected with any kind of fibre, such as art-silk, silk, cotton, wool, jute and synthetic (yarns) and dealing in all kinds of fabrics. ..."
- 3.6. The Share Capital of the Applicant Company as on September 30, 2018 is as under:

Particulars	(Amount in Rs)
Authorised Share Capital	
2,00,00,000 equity shares of Rs.10 each	20,00,00,000
Total	20,00,00,000
Issued, Subscribed and Paid-up Capital:	
60,50,000 equity shares of Rs.10 each	6,05,00,000
Total	6,05,00,000

- 3.7. A copy of the latest un-audited financial statement of the Applicant Company as on September 30, 2018 is enclosed hereto as **Annexure B**.
- 3.8. Summary of the financial statements of the Applicant Company for the year ended March 31, 2017 and March 31, 2018 are available for inspection up to one day prior to the said meeting, at the Registered Office of the Applicant Company between 11.00 a.m. and 1:00 p.m. on all working days of the Applicant Company (except Saturdays, Sundays and Government Holidays).
- 3.9. The Applicant Company is inter-alia engaged in the business of manufacturing of grey fabric along with all types of yarn preparatory facilities like sizing, texturising, twisting, crape etc. The Applicant is also engaged in an agency with Reliance Industries Limited for sale of yarn.
- 3.10. The shares of the Applicant Company are listed on the Bombay Stock Exchange ("BSE Limited").

4. BRIEF DETAILS OF THE TRANSFEREE COMPANY

- 4.1. The Transferee Company was originally established as a partnership firm on September 13, 1984 and was subsequently converted into a private limited company under the Companies Act, 1956 vide Certificate of Incorporation dated April 2, 2008 under the name of 'Shahlon Silk Mills Private Limited' issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli. The name of the Transferee Company was changed from 'Shahlon Silk Mills Private Limited' to 'Shahlon Silk Industries Private Limited' vide fresh Certificate of Incorporation dated December 3, 2013 issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli. The Transferee Company was subsequently converted into a public limited company and consequent upon the said change of status, the name of the company was changed from 'Shahlon Silk Industries Private Limited' to its present name i.e. 'Shahlon Silk Industries Limited' vide fresh Certificate of Incorporation dated August 10, 2018 issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli.
- 4.2. The Corporate Identification Number of the Transferee Company is U17120GJ2008PLC053464.
- 4.3. The registered office of the Transferee Company is situated at 91, G.I.D.C, Khatodara, behind Sub-Jail, Ring Road, Surat, Gujarat, India, 395002.
- 4.4. The main objects of the Transferee Company as set out in its Memorandum of Association are reproduced below for ease of reference:
- "1. To carry on the business of spinning, weaving, twisting, texturising, crimping, sizing, printing, processing, dyeing, knitting and to carry on all activities connected with converting any kind of yarn into final products.
 2. To carry on business comprising all activities connected with manufacture of all kinds of cloth from any type of yarns.
 3. To carry on business as manufacturers of and dealers in all kinds of man-made and synthetic fibres.
 4. To carry on business of bleaching, connected with any kind of fibre, fabrics such as art silk, silk, cotton, wood, jute, synthetic yarns and other kinds of yarns.
 5. To take over the running business of partnership firm M/s. Shah Silk Corporation under Part IX.."

4.5. The Share Capital of the Transferee Company as on September 30, 2018 is as under:

Particulars	(Amount in Rs)
Authorised Share Capital	
1,20,00,000 Equity Shares of Rs.10 each	12,00,00,000
Total	12,00,00,000
Issued, Subscribed and Paid-up Capital:	
1,11,52,250 Equity Shares of Rs.10 each	11,15,22,500
Total	11,15,22,500

4.6. A copy of the latest un-audited financial statement of the Transferee Company as on September 30, 2018 is enclosed hereto as **Annexure C**.

4.7. Summary of the financial statements of the Transferee Company for the year ended March 31, 2017 and March 31, 2018 are available for inspection up to one day prior to the said meeting, at the Registered Office of the Transferee Company between 11.00 a.m. and 1:00 p.m. on all working days of the Applicant Company (except Saturdays, Sundays and Government Holidays).

4.8. The Transferee Company is *inter-alia* engaged in the business of manufacturing of fabric on water jet looms, air jet looms & rapier looms and various yarn preparatory activities like sizing, texturing, yarn dyeing, twisting, crape, ply yarn etc. The Transferee Company is also engaged in an agency with Reliance Industries Limited for sale of yarn which the Company is authorized to carry on.

4.9. The shares of the Transferee Company are not listed on any stock exchange(s).

5. SCHEME RESOLUTION FOR APPROVAL

5.1. The Resolution to be submitted for approval of the Equity Shareholders of the Applicant Company at their meeting, will read as follows:

"RESOLVED THAT pursuant to the provisions of Sections 230 to 232 and other applicable provisions if any of the Companies Act, 2013, to the extent still applicable provisions of the Companies Act, 1956, along with the rules and regulations issued thereunder, including any statutory modification(s), re-enactment(s) or amendment(s) made thereto from time to time, subject to the Memorandum of Association and Articles of Association of the Company, approval from the members of the Company, approval from its creditors and subject to the sanction of the National Company Law Tribunal ("NCLT") constituted under the Companies Act, 2013, and subject to the approval of any other statutory or governmental authorities, the Draft Scheme of Merger by absorption of Fairdeal Filaments Limited (the "Company") by Shahlon Silk Industries Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office situated at 91, G.I.D.C., Khatodara, B/H.: Sub-Jail, Ring Road, Surat, Gujarat 395002, India ("SSIL") and their respective shareholders and creditors ("Scheme") which is placed before the meeting and initialed by the Chairman for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT upon sanction of the said Scheme by the NCLT and upon the Scheme becoming effective, without any further act or deed on the part of SSIL, SSIL will, in aggregate, issue and allot 67,22,222 (Sixty seven lakhs twenty two thousand two hundred twenty two only) equity shares of Rs. 10 each (the "New Equity Shares") to the registered fully paid-up equity shareholders of the Company, whose names are recorded in the register of equity shareholders of the Company on the Record Date, in the ratio of 1:0.90 i.e. 1 (one) equity share of Rs. 10 each credited as fully paid up in SSIL for every 0.90 (zero point ninety) equity shares of Rs. 10 each fully paid up in the Company.

RESOLVED FURTHER THAT Upon the Scheme coming into effect, the Company shall without any further act or deed, stand dissolved without winding up.

RESOLVED FURTHER THAT Mr. Dhirajlal Raichand Shah and Mr. Jayantilal Raichand Shah, the Directors of the Company and/ or Authorised Signatories of the Company, be and are hereby jointly and severally authorised to make such alterations and changes in the Scheme, as may be expedient and necessary for satisfying the requirement(s) or conditions imposed by the NCLT or any other statutory authorities as may be required, provided that prior approval of the Board shall be obtained for making any material changes in the said draft Scheme, as approved in this meeting.

RESOLVED FURTHER THAT the Directors of the Company, be and are hereby jointly and severally authorised to do, or cause to be done all such acts, deeds and things, and/or file all such documents, as may be necessary for the sanctioning and implementation of the Scheme."

6. RATIONALE AND BENEFITS OF THE SCHEME OF AMALGAMATION

6.1. The merger of the Applicant Company with the Transferee Company is based on the following rationale:

6.1.1. The Applicant Company and the Transferee Company, belonging to the same group of management, are largely engaged in the similar kind of business activities i.e. manufacturing of fabric on water jet looms. In addition to above, the Transferee Company is also involved in manufacturing of fabric on air jet looms and rapier looms, which will be beneficial to the merged entity in diversifying its product portfolio pursuant to the Scheme coming into effect.

6.1.2. The Applicant Company and the Transferee Company both carry out yarn preparatory facilities like sizing, texturing, twisting, crape, etc.

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- 6.1.3. The Applicant Company and the Transferee Company both are the agents for Reliance Industries Limited in relation to sale of yarn product and thus, business of The Applicant Company and the Transferee Company are complementary in nature and consolidation of business will be beneficial for both the companies and their shareholders.
- 6.1.4. Economies of scale will play a bigger role as the consolidated entity's operational efficiency will increase, which will in turn allow the merged entity to compete on a larger scale in the industry, thus benefiting the merged entity and the shareholders.
- 6.1.5. The amalgamation will enable the merged entity to build up a diversified product portfolio.
- 6.1.6. As on March 31, 2018, the Transferee Company has a net worth of Rs.61,71,32,000 (Rupees sixty one crores seventy one lakhs thirty two thousand) and the Applicant Company has a net worth of Rs.19,16,98,000 (Rupees nineteen crores sixteen lakhs ninety eight thousand). The combined entity will have net worth of around Rs.80,65,90,000 (Rupees eighty crores sixty five lakhs ninety thousand) which will enable the merged entity with more negotiation power for debt finance considering its size and financial strength further the merged entity will have option of equity financing.
- 6.1.7. This merger will provide an opportunity to leverage assets and build a stronger sustainable business. It will provide an opportunity to fully leverage stronger asset capabilities, experience, expertise and infrastructure of both the companies and thus increased ability for promotion of business activities as well as for fund raising as may be required for business development.
- 6.1.8. Manufacturing of grey fabric and texturizing / various yarn value addition activities of the Applicant Company and the Transferee Company are located at Block number 297 /298 of Limodara Patiya, Village: Karanj, Taluka Mandvi, District: Surat and both the companies share the common entrance gate. At Fairdeal Textile Park, Village: Mahuvej, Taluka Mangrol, District: Surat, the Transferee Company has manufacturing facilities for manufacturing of various yarns, grey fabric at Block no. 692/A and the Applicant Company has its proposed factory site also located just adjacent to the Transferee Company on Block number 692/A. Both the companies have their administrative office located at 3rd Floor Dower Chambers, Nr. Sub-Jail, Ring Road, Surat which is partly owned by the Applicant Company and partly by the Transferee Company. As major of the manufacturing sites of the Applicant Company are adjacent to/together with the Transferee Company, this merger would lead to synergic benefits, efficiency of operations and management, rapid growth of the entity, optimum utilization of its resources and minimization of the administrative and operative costs.
- 6.1.9. The merger will result in a value creation for the shareholders and stakeholders of the Applicant Company and the Transferee Company as the combined amalgamated company will have improved efficiency, market share, financial structure, larger cash flows and stronger consolidated revenue and profitability.
- 6.1.10. The merger of the Applicant Company and the Transferee Company would result in consolidation of business activities of both the companies and will facilitate effective management of investments and synergies in operation.
- 6.1.11. There is no likelihood that any shareholder or creditor or employee of the Applicant Company and the Transferee Company would be prejudiced as a result of the Scheme. Thus, the merger is in the interest of the shareholders, creditors and all other stakeholders of the companies and is not prejudicial to the interests of the concerned shareholders, creditors or the public at large.
- 6.2. In view of the aforesaid, the Board of Directors of the Applicant Company and the Transferee Company have considered and approved the Scheme comprising of distinct but integrally connected arrangement under the provisions of Sections 230 to 232 of the Companies Act, 2013.

7. SALIENT FEATURES OF THE SCHEME

- 7.1. Merger of the Applicant Company/ Transferor Company with the Transferee Company:
- 7.2. "Appointed Date" means 1st day of April, 2018 or such other date as the relevant Adjudicating Body may direct or fix, for the purpose of amalgamation of the Applicant Company with the Transferee Company under this Scheme.
- 7.3. The entire assets, liabilities, business and undertaking (*including, the Transferor Undertaking*) of the Applicant Company shall, with effect from the Appointed Date and without any further act or deed, be and the same shall stand transferred to and vested in or deemed to have been transferred to or vested in the Transferee Company, as a going concern, pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013, and other applicable provisions of the relevant Act and in accordance with the provisions of Sections 2(1B) and 47 of the Income Tax Act, 1961 and the provisions of this Scheme in relation to the mode of transfer and vesting of assets. This Scheme is a 'Merger by Absorption' in terms of the Explanation provided in Section 232 of the Act and shall be deemed to be regarded as an 'Amalgamation' in terms of Section 2(1B) of the Income Tax Act, 1961.
- 7.4. With effect from the Appointed Date, and subject to the provisions of this Scheme, the liabilities of the Applicant Company including, but not limited to all secured and unsecured debts, sundry creditors, liabilities (*including contingent liabilities*), and all duties and obligations (*including any guarantees, indemnities, letter of credit or any other instrument or arrangement which may give rise to a contingent liability in whatever form*) of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized for its business activities and operations, shall, pursuant to the sanction of this Scheme by the Adjudicating Body and under the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, without any further act, instrument or deed or matter or thing be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, along with any charge, encumbrance, lien or security thereon, and the same shall be assumed by the Transferee Company to the extent they are

outstanding on the Effective Date so as to become as and from the Appointed Date, the liabilities of the Transferee Company on the same terms and conditions as were applicable to the Applicant Company, without any consent of any third party or other person who is a party to the contract or arrangements by virtue of which such liabilities have arisen, in order to give effect to the provisions of this Clause. Further, any existing credit facilities which have been sanctioned to the Applicant Company by the bankers, financial institutions and any third party and which is standing as on the Appointed Date but before the Effective Date shall upon the Scheme coming into effect shall ipso facto extend to the Transferee Company.

- 7.5. Subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature of the Applicant Company which are subsisting or having effect immediately before the Effective Date shall be in full force against or in favour of the Transferee Company, and may be enforced as fully and effectively as if, instead of the Applicant Company, the Transferee Company has been a party or beneficiary thereto. The Transferee Company shall, if necessary, to give formal effect to this Clause, enter into and/or issue and/or execute deeds, writings or confirmations or enter into a tripartite arrangement, confirmation or novation to which the Applicant Company is a party.
- 7.6. Upon the Scheme coming into effect and without any further act or deed on the part of the Transferee Company, the Transferee Company will, in consideration of transfer and vesting of the Applicant Company into the Transferee Company in terms of this Scheme, issue 67,22,222 (*Sixty seven lakhs twenty two thousand two hundred twenty two only*) equity shares of Rs.10 each (the "**New Shares**") to the registered fully paid-up equity shareholders of the Applicant Company in the ratio of 1:0.90, i.e. 1 (one) equity share of Rs.10 each credited as fully paid up in the Transferee Company for every 0.90 (zero point ninety) equity share of Rs.10 each fully paid up held by them in the Applicant Company (the "**New Shares Entitlement Ratio**"). The New Shares will be issued in the New Shares Entitlement Ratio to registered fully paid-up equity shareholders of the Applicant Company whose names are recorded in the register of equity shareholders of the Applicant Company on the Record Date.
- 7.7. In the event the New Shares are required to be issued and allotted to such shareholders of the Applicant Company, being non-resident, the issue of such shares shall be in accordance with the provisions of the Foreign Exchange Management Act, 1999 and the applicable rules and regulations made thereunder (for the time being in force, including, any statutory modifications, re-enactments or amendments made thereto from time to time).
- 7.8. The issue and allotment of the New Shares in the Transferee Company to the relevant shareholders of the Applicant Company as provided in the Scheme shall be carried out and the same would not require following of the procedure laid down under Section 42 and 62 of the Companies Act, 2013 and any other applicable provisions of the relevant Act.
- 7.9. The Transferee Company, shall, increase its authorised share capital, to the extent required, in order to issue the New Shares under this Scheme in accordance with the procedure prescribed under Section 61 of the Companies Act, 2013, without prejudice to the right of the Transferee Company to avail set off for the fees paid by the Applicant Company as per Clause 16 in terms of Section 232(3)(i) of the Act.
- 7.10. The New Shares, to be issued and allotted by the Transferee Company, in terms of this Scheme, shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Applicant Company. The New Shares, to be issued and allotted, shall rank pari-passu in all respects with the existing shares of the Transferee Company, including in respect of dividends, if any, that may be declared by the Transferee Company, on or after the Effective Date.
- 7.11. Upon the Scheme coming into effect, in accordance with the provisions of Section 232 of the Companies Act, 2013 the authorised share capital of the Applicant Company of Rs.20,00,00,000 (*Rupees twenty crores only*) shall stand combined/ consolidated with the authorised share capital of the Transferee Company and on the Scheme coming into effect, the authorised share capital of the Transferee Company shall, without any further act, deed or action, stand increased (*post combination and consolidation*) and reconstituted to Rs.32,00,00,000 (*Rupees thirty two crores*) divided into 3,20,00,000 equity shares of Rs.10 each.
- 7.12. Clause V of the Memorandum of Association of the Transferee Company shall be amended by deleting the clause and replacing it by the following:
4. *"The Authorised Share Capital of the Company is Rs. 32,00,00,000 (Rupees Thirty Two Crores only) divided into 3,20,00,000 equity shares of Rs.10 each, with the rights, privileges and conditions attached thereto as per the relevant provisions contained in that behalf in the Articles of Association of the Company and with the power to increase or reduce the capital of the Company and divide the shares in the share capital for the time being into several classes and to attach thereto respectively such preferential, qualified for special rights, privileges, or conditions in such manner as may be determined by or in accordance with the Articles of Association of the Company for the time being in force, and to vary, modify, enlarge or abrogate any such rights, privilege or conditions in such manner as may be permitted by the said Act or provided by the Articles of Association of the Company for the time being force."*
- 7.13. Upon the Scheme coming into effect, the Applicant Company shall, without any further act or deed, stand dissolved without winding up. The name of the Applicant Company shall be struck off from the records of the Registrar of Companies, Gujarat and the Transferee Company shall make necessary filings in this regard.

PLEASE NOTE THAT THE FEATURES SET OUT ABOVE ARE ONLY THE SALIENT FEATURES OF THE SCHEME. THE MEMBERS ARE REQUESTED TO READ THE ENTIRE TEXT OF THE SCHEME ANNEXED HERETO TO GET FULLY ACQUAINTED WITH THE PROVISIONS THEREOF

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8. The Transferor Company, legally and beneficially, owns 16,000 equity shares of Rs.10 each of the Transferee Company thereby aggregating to 0.14% of the total issued, subscribed and paid-up equity share capital of the Transferee Company. As part of the Scheme, upon the Scheme coming into effect, all the equity shares of the Transferee Company held by the Transferor Company being, 16,000 equity shares of Rs.10 each of the Transferee Company, shall stand cancelled and extinguished on and from the Effective Date as an integral part of the Scheme and accordingly, the Share Certificates in respect of the aforesaid equity share in the Transferee Company held by the Transferor shall also stand cancelled and shall be deemed to be cancelled without any further act or deed.
 9. The proposed Scheme was placed before the Audit Committee of the Applicant Company at its meeting held on 22nd August, 2018. The Audit Committee took into account the Valuation Report, dated August 17, 2018, issued by M/s. CNK & Associates LLP and the fairness opinion, dated August 21, 2018, provided by Mark Corporate Advisors, appointed for this purpose by the Applicant Company. A copy of the Valuation Report is enclosed as **Annexure D**. The Valuation Report is also open for inspection. A copy of the Fairness Opinion is enclosed as **Annexure E**. The Audit Committee based on the aforesaid, inter alia, recommended the scheme to the Board of Directors of the Transferor Company.
 10. The Scheme along with the Valuation Report was placed before the Board of Directors of the Applicant Company, at its meeting held on August 22, 2018. The Fairness Opinion and the report of the Audit Committee was also submitted to the Board of Directors of the Applicant Company. As per the Valuation Report prepared by the Chartered Accountants, CNK & Associates LLP the share exchange ratio determined was 1:1 i.e. 1 (one) equity share of Rs.10 each credited as fully paid up in Transferee Company for every 1 (one) equity share of Rs.10 each fully paid up held by them in the Company on basis of the valuation of the assets and liabilities of the Company carried out by them as provided in their report. However, after detailed deliberation and discussions the Board, for the benefit of the public shareholders of the Applicant Company have decided to reduce the valuation of Transferee Company by issuing additional shares to the members of the Applicant Company in the ratio of 1:0.9 i.e. 1 (one) equity share of Rs.10 each credited as fully paid up in Transferee Company for every 0.9 (point nine) equity share held by them in the Company. This will lead to additional allotment of shares of Transferee Company, which would in turn would increase the public shareholding in Transferee Company to approximately 26.94% of total issued and paid-up share capital of Transferee Company post Scheme coming into effect as against 25.19. Based on the aforesaid, the Board of Directors have approved the scheme. None of the directors of the Applicant Company who attended the meeting voted against the scheme. Thus, the scheme was approved unanimously by the directors of the Applicant Company who attended and voted at the meeting.
 11. As required by the SEBI Circular, the Applicant Company had filed the complaints report with BSE, on October 26, 2018. This report indicates the Applicant Company has received no complaints. A copy of the said complaints report is enclosed as **Annexure G**.
 12. The Board of Directors of the Company in their meeting held on November 2, 2018 have approved a minor modification to the Scheme so as to include change of name of the transferee company i.e. "Shahlon Silk Industries Limited" to "Shahlon Limited" as part of the Scheme. For the same outcome of Board meeting was communicated to BSE Limited on November 2, 2018 and the revised scheme alongwith insertion of a new clause related to change of name of Transferee Company alongwith Board Resolutions of Transferor Company and Transferee Company were submitted to BSE Limited on December 20, 2018. Apart from the aforesaid change of name of the Transferee Company, there are no major developments / actions have taken place since announcement of the scheme.
 13. In terms of the observation letter, BSE conveyed their no objection for filing the scheme with the Hon'ble National Company Law Tribunal. Copy of the observation letter, dated November 19, 2018 received from BSE is enclosed as **Annexure F**.
 14. Subsequent to the sanction of the Scheme, the Transferee Company will make an application for listing of its equity shares, including, the New Shares on the stock exchange in which the shares of the Transferor Company are listed, in pursuance to the relevant regulations including, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI Circulars.
 15. The shares allotted pursuant to the Scheme shall remain frozen in the depositories system until listing/ trading permission is given by the designated stock exchange i.e. BSE Limited.
 16. The New Shares, to be issued by the Transferee Company under the Scheme to shareholders of the Transferor Company, in lieu of the locked in shares of the Transferor Company, if any, shall be subject to lock-in requirement for the remaining period in terms of the LODR read with the SEBI Circulars.
 17. The Applicant Company or the Transferee Company would obtain such necessary approvals/sanctions/no objection(s) from the regulatory or other governmental authorities in respect of the scheme in accordance with law, if so required.
 18. The applications along with the annexure thereto (which includes the scheme) were filed by the Applicant Company on December 20, 2018 with the Hon'ble NCLT.
 19. This notice convening Meeting of the Equity Shareholders of the Applicant Company along with aforesaid documents are placed on the website of the Company viz. www.shahlon.com and being sent to Securities and Exchange Board of India and BSE Limited for placing on their website.
 20. None of the Directors of the Applicant Company or the Transferee Company have any material interest in the Scheme, save and except to the extent the said Directors are the partners, directors, members of the firms, companies, association of persons, bodies corporate and/or beneficiary of trust, that hold shares in any of the Companies.

21. THE DETAILS OF ALL THE PRESENT DIRECTORS (SINGLY OR JOINTLY) DIRECTORS AND THEIR RELATIVES AND KMPs OF THE CONCERNED COMPANIES AND THEIR RESPECTIVE SHAREHOLDINGS IN THE APPLICANT COMPANY AND TRANSFEREE COMPANY AS ON DECEMBER 31, 2018 ARE AS FOLLOWS:

- a. Extent of shareholding of the Directors and their relatives and KMPs of the Applicant/ Transferor Company and their respective holding in the Applicant/ Transferor Company and the Transferee Company are as follows: (Considering first holder)

Sr. No.	Name of the Director	Designation	Address	Equity Shares in Applicant / Transferor Company	Equity Shares in Transferee Company
1.	Dhirajlal Raichand Shah	Managing Director	S-135, Someshwara Enclave Udhana Magdalla Road, Vesu Surat 395007	1,30,000	9,78,535
2.	Arvind Raichand Shah	Whole-time Director	202, Soneri Apprtment, Near Chinmay Hospital Near Forum Apprtment, Ghod Dod Road, Surat – 395007	40,000	6,62,735
3.	Jayantilal Raichand Shah	Director	A-401, Swaar Sangini, Opposite DGVCL VIP Road, Bharthana-Vesu, Surat – 395007	1,30,000	11,99,750
4.	Rajendra Kundanlal Desai	Professional Independent Director	4-B, Shantikunj Society, Nr. L. B. Cinema, Bhatar Road, Surat – 395002	1,320	-
5.	Nandish S. Vin	Professional Independent Director	C/53, Shanti Niketan Raw House, Opp Sagar Complex, Anand Mahal Road, Surat - 395009	-	-
6.	Sonia Piyush Khanna	Professional Independent Director	80, Subhash Nagar, Ghod Dhod Road, Surat - 395001	100	-

Sr. No.	Name of the KMPs	Designation	Equity Shares in Applicant / Transferor Company	Equity Shares in Transferee Company
1.	Satish Hargovinddas Shah	CFO(KMP)	400	-
2.	Jitesh Ramchandra Varkal	Company Secretary	-	-

Sr. No.	Name of the relatives of Directors	Equity Shares in Applicant / Transferor Company	Equity Shares in Transferee Company
1.	Nitin Raichand Shah J/W Minaxi Nitin Shah	1,40,000	15,61,700
2.	Dipan Jayantilal Shah J/W Sonal Dipan Shah	1,03,000	9,06,810
3.	Mahendra Raichand Shah J/W Meena Mahendra Shah	1,40,000	11,24,475
4.	Pravin Chandra Raychand Chheda	1,01,000	2,95,000
5.	Avani Arvind Shah J/W Arvind Raichand Shah	1,49,050	3,21,250
6.	Kanchan Dhirajlal Shah J/W Dhirajlal Raichand Shah	1,25,180	1,40,750
7.	Dhruv Arvind Shah J/W Arvind Raichand Shah	20,000	2,40,495
8.	Damyanti Jayantilal Shah	74,800	1,05,750
9.	Sonal Dipan Shah	19,910	1,31,625
10.	Jiviben Raichand Shah	8,800	-
11.	Dhaval Jinesh Shah	5,390	-
12.	Bhavini Dhaval Shah	3,245	-
13.	Jayantilal Raichand Shah Karta of Raichand K. Shah HUF	-	3,24,000
14.	Jayantilal Raichand Shah Karta of Jayantilal R. Shah HUF	-	2,75,250
15.	Dhirajlal Raichand Shah Karta of Dhirajlal R. Shah HUF	-	1,72,750
16.	Arvind Raichand Shah Karta of Arvind R. Shah HUF	-	2,10,250
17.	Biren Jayantilal Chheda J/W Smita Biren Chheda	-	2,55,000
18.	Smita Biren Chheda J/W Biren Jayantilal Chheda	-	1,84,500

- b. Extent of shareholding of the Directors and their relatives and KMPs of the Transferee Company and their respective holding in the Applicant Company/ Transferor Company, and the Transferee Company are as follows: (Considering first holder)

Sr. No.	Name of the Director	Designation	Address	Equity Shares in Applicant / Transferor Company	Equity Shares in Transferee Company
1.	Dhirajlal Raichand Shah	Director	S-135, Someshwara Enclave Udhana Magdalla Road, Vesu Surat 395007	1,30,000	9,78,535
2.	Arvind Raichand Shah	Director	202, Soneri Apprtment, Near Chinmay Hospital Near Forum Apprtment, Ghod Dod Road, Surat – 395007	40,000	6,62,735
3.	Nitin Raichand Shah	Managing Director	9, Deep Mangal Society, Near Narmad Library, Athwalines, Surat-395007	1,40,000	15,61,700
4.	Rajendra Kundanlal Desai	Professional Independent Director	4-B, Shantikunj Society, Nr. L. B. Cinema, Bhatar Road, Surat – 395002	1,320	-
5.	Richa Manoj Goyal	Professional Independent Director	501, Prakruti Apartment, Opp.Uma Bhavan, Bhatar Road, Althan, Surat- 395017	-	-

Sr. No.	Name of the KMPs	Designation	Equity Shares in Applicant / Transferor Company	Equity Shares in Transferee Company
1.	Jayantilal Raichand Shah	CFO(KMP)	1,30,000	11,99,750
2.	Hitesh Kantilal Garmora	Company Secretary	-	-

Sr. No.	Name of the relatives of Directors	Equity Shares in Applicant / Transferor Company	Equity Shares in Transferee Company
1.	Pravinchandra Raychand Chheda	1,01,000	2,95,000
2.	Jayantilal Raichand Shah Karta of Raichand K. Shah HUF	-	3,24,000
3.	Dhirajlal Raichand Shah Karta of Dhirajlal R. Shah HUF	-	1,72,750
4.	Arvind Raichand Shah Karta of Arvind R. Shah HUF	-	2,10,250
5.	Nitin Raichand Shah Karta of Nitin R. Shah HUF	-	1,95,250
6.	Mahendra Raichand Shah J/W Meena Mahendra Shah	1,40,000	11,24,475
7.	Kanchan Dhirajlal Shah J/W Dhirajlal Raichand Shah	1,25,180	1,40,750
8.	Avani Arvind Shah J/W Arvind Raichand Shah	1,49,050	3,21,250
9.	Dhruv Arvind Shah J/W Arvind Raichand Shah	20,000	2,40,495
10.	Minaxi Nitin Shah J/W Nitin Raichand Shah	1,03,730	1,58,000
11.	Dhaval Jinesh Shah	5,390	-
12.	Bhavini Dhaval Shah	3,245	-
13.	Jiviben Raichand Shah	8,800	-

22. EXTENT OF HOLDING OF PROMOTERS OF THE APPLICANT COMPANY, AND THE TRANSFEE COMPANY IS AS FOLLOWS:-

- c. Extent of shareholding of the Promoters of the Applicant Company/ Transferor in the Transferor Company and the Transferee Company

Sr. No.	Name of the Promoter	Address	Equity Shares in Applicant / Transferor Company	Equity Shares in Transferee Company
1.	Dhirajlal Raichand Shah J/W Kanchan Dhirajlal Shah	S-135, Someshwara Enclave, Udhana Magdalla Road, Vesu, Surat - 395007	1,30,000	9,78,535
2.	Arvind Raichand Shah J/W Avani Arvind Shah	202, Soneri Apprtment, Near Chinmay Hospital, Near Forum Apprtment, Ghod Dod Road, Surat – 395007	40,000	6,62,735
3.	Jayantilal Raichand Shah J/W Damyanti Jayantilal Shah	A-401, Swaar Sangini, Opp. DGVCL, VIP Road, Bharthana-Vesu, Surat – 395007	1,30,000	11,99,750

- d. Extent of shareholding of the Promoters of the Transferee Company in the Applicant Company/ Transferor Company and the Transferee Company

Sr. No.	Name of the Promoter	Address	Equity Shares in Applicant / Transferor Company	Equity Shares in Transferee Company
1.	Dhirajlal Raichand Shah J/W Kanchan Dhirajlal Shah	S-135, Someshwara Enclave, Udhana Magdalla Road, Vesu, Surat - 395007	1,30,000	9,78,535
2.	Arvind Raichand Shah J/W Avani Arvind Shah	202, Soneri Apprtment, Near Chinmay Hospital, Near Forum Apprtment, Ghod Dod Road, Surat – 395007	40,000	6,62,735
3.	Nitin Raichand Shah J/W Minaxi Nitin Shah	9, Deep Mangal Society, Near Narmad Library, Athwalines, Surat- 395007	1,40,000	15,61,700
4.	Jayantilal Raichand Shah J/W Damyanti Jayantilal Shah	A-401, Swaar Sangini, Opp. DGVCL, VIP Road, Bharthana-Vesu, Surat – 395007	1,30,000	11,99,750

23. PRE AND POST SCHEME SHAREHOLDING PATTERN OF THE APPLICANT COMPANY AND THE TRANSFEREE COMPANY

- a. The pre Scheme shareholding pattern of the Applicant Company / Transferor Company as on December 31, 2018 is as follows:

Code	Category	Pre-Amalgamation Shareholding	
		No. of equity shares	As a % of total equity capital
(A)	Shareholding of Promoter and Promoter Group		
1	Indian		
(a)	Individuals / Hindu Undivided Family	16,43,086	27.16
(b)	Bodies Corporate	Nil	N.A.
(c)	Trusts	Nil	N.A.
	Sub Total	16,43,086	27.16
2	Foreign		
(a)	Individuals (Non-Residents Individuals/Foreign Individuals)	77,000	1.27
	Sub Total	77,000	1.27
	Total shareholding of Promoter and Promoter Group (A)	17,20,086	28.43
(B)	Public Shareholding		
1	Institutions	Nil	N.A.
(a)	Mutual Funds / UTI	Nil	N.A.
(b)	Financial Institutions / Banks	Nil	N.A.
(c)	Insurance Companies	Nil	N.A.
(d)	Foreign Institutional Investors	Nil	N.A.
(e)	Foreign Mutual Fund	Nil	N.A.
	Sub Total	Nil	N.A.

Code	Category	Pre-Amalgamation Shareholding	
		No. of equity shares	As a % of total equity capital
2	Non-Institutions		
(a)(i)	Bodies Corporate	1,78,736	2.95
(b)	Individuals		
(b)(i)	Individual shareholders holding nominal share capital up to Rs. 2 Lakhs	10,39,334	17.18
(b)(ii)	Individual shareholders holding nominal share capital in excess of Rs. 2 Lakhs	23,80,653	39.35
(c)	Clearing Members	Nil	N.A.
(d)	Foreign Corporate Bodies	Nil	N.A.
(e)	Market Maker	Nil	N.A.
(f)	Non Resident Indians	4,96,781	8.21
(g)	Trusts	Nil	N.A.
(h)	Foreign Portfolio Investors	Nil	N.A.
(i)	Hindu Undivided Family	1,47,269	2.43
(j)	Fractional Shares	Nil	N.A.
(k)	IEPF	87,141	1.44
	Sub Total	43,29,914	71.57
	Total Public shareholding (B)	43,29,914	71.57
	Total (A)+(B)	60,50,000	100.00

b. The pre and post Scheme shareholding pattern of the Transferee Company as on December 31, 2018 is as follows:

Code	Category	Pre-Amalgamation Shareholding		Post-Amalgamation Shareholding	
		No. of equity shares	As a % of total equity capital	No. of equity shares	As a % of total equity capital
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
(a)	Individuals / Hindu Undivided Family	10486750	94.03	12312401	68.94
(b)	Bodies Corporate	16000	0.14	NIL	N.A.
(c)	Trusts	NIL	N.A.	NIL	N.A.
	Sub Total	10502750	94.18	12312401	68.94

Code	Category	Pre-Amalgamation Shareholding		Post-Amalgamation Shareholding	
		No. of equity shares	As a % of total equity capital	No. of equity shares	As a % of total equity capital
2	Foreign				
(a)	Individuals (Non-Residents Individuals/Foreign Individuals)	439500	3.94	525056	2.94
(b)	HUF	210000	1.88	210000	1.18
	Sub Total	649500	5.82	735056	4.12
	Total shareholding of Promoter and Promoter Group (A)	11152250	100	13047457	73.06
(B)	Public Shareholding				
1	Institutions				
(a)	Mutual Funds / UTI	NIL	N.A.	NIL	N.A.
(b)	Financial Institutions / Banks	NIL	N.A.	NIL	N.A.
(c)	Insurance Companies	NIL	N.A.	NIL	N.A.
(d)	Foreign Institutional Investors	NIL	N.A.	NIL	N.A.
(e)	Foreign Mutual Fund	NIL	N.A.	NIL	N.A.
	Sub Total	NIL	N.A.	NIL	N.A.
2	Non-Institutions				
(a)(i)	Bodies Corporate	NIL	N.A.	1,98,596	1.11
(b)	Individuals				
(b)(i)	Individual shareholders holding nominal share capital up to Rs. 2 Lakhs	NIL	N.A.	11,54,816	6.47
(b)(ii)	Individual shareholders holding nominal share capital in excess of Rs. 2 Lakhs	NIL	N.A.	26,45,170	14.81
(c)	Clearing Members	NIL	N.A.	NIL	N.A.
(d)	Foreign Corporate Bodies	NIL	N.A.	NIL	N.A.
(e)	Market Maker	NIL	N.A.	NIL	N.A.
(f)	Non Resident Indians	NIL	N.A.	5,51,979	3.09
(g)	Trusts	NIL	N.A.	NIL	N.A.
(h)	Foreign Portfolio Investors	NIL	N.A.	NIL	N.A.
(i)	Hindu Undivided Family	NIL	N.A.	163632	0.92
(j)	Fractional Shares	NIL	N.A.	NIL	N.A.
(k)	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS	NIL	N.A.	96,823	0.54
	Sub Total	NIL	N.A.	48,11,016	26.94
	Total Public shareholding (B)	NIL	N.A.	48,11,016	26.94
	Total (A)+(B)	1,11,52,250	100	1,78,58,472	100

24. PRE AND POST SCHEME CAPITAL STRUCTURE:

a. Pre Scheme Capital Structure of the Applicant Company/ Transferor Company:-

Description	Pre-Scheme	
	No. of Shares	Amount (Rs.)
Authorized Share Capital:		
Equity Share Capital of Rs. 10 each	2,00,00,000	20,00,00,000
Issued Share Capital:		
Equity Share Capital of Rs. 10 each	60,50,000	6,05,00,000
Subscribed & Paid Up Share Capital:		
Equity Share Capital of Rs. 10 each	60,50,000	6,05,00,000

b. Pre and Post Scheme Capital Structure of the Transferee Company:-

Description	Pre-Scheme		Post-Scheme	
	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
Authorized Share Capital:				
Equity Shares of Rs.10/- each.	1,20,00,000	12,00,00,000	3,20,00,000	32,00,00,000
Total (Rs.)		12,00,00,000		32,00,00,000
Issued Share Capital:				
Equity Shares of Rs. 10 each	1,11,52,250	11,15,22,500	1,78,58,472	17,85,84,720
Total (Rs.)		11,15,22,500		17,85,84,720
Subscribed & Paid Up Share Capital:				
Equity Shares of Rs. 10 each	1,11,52,250	11,15,22,500	1,78,58,472	17,85,84,720
Total (Rs.)		11,15,22,500		17,85,84,720

* Upon Scheme coming into effect :

- 1) The total authorized share capital shall stand increased pursuant to Clause `16 of Scheme of Amalgamation and
- 2) Issued, subscribed and paid-up share capital shall stand reduced upto the equity shares held by FFL being, 16,000 equity shares of Rs.10 each of SSIL, pursuant to Clause 11 of Scheme of Amalgamation.

25. STATEMENT DISCLOSING DETAILS OF AMALGAMATION AS PER SUB-SECTION 3 OF SECTION 230 OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016

No.	Particulars	Fairdeal Filaments Limited	Shahlon Silk Industries Limited
		Transferor Company	Transferee Company
(i)	Details of the order of the NCLT directing the calling, convening and conducting of the meeting :-		
A	Date of the order	Order dated January 24, 2019	
B	Date, time and venue of the meeting	Date: 11th day of March, 2019 Time: 11 a.m. Venue: 3rd Floor, Dawer Chambers, Nr. Sub Jail, Ring Road, Surat -395002 in the State of Gujarat	Date: 11th day of March, 2019 Time: 12 p.m. Venue: 3rd Floor, Dawer Chambers, Nr. Sub Jail, Ring Road, Surat -395002 in the State of Gujarat

No.	Particulars	Fairdeal Filaments Limited	Shahlon Silk Industries Limited
		Transferor Company	Transferee Company
(ii)	Details of the Companies including:-		
a	Corporate Identification Number (CIN)	L17110GJ1990PLC013771	U17120GJ2008PLC053464
b	Permanent Account Number (PAN)	AAACF3804A	AALCS7927G
c	Name of Company	Fairdeal Filaments Limited	Shahlon Silk Industries Limited
d	Date of Incorporation	May 15, 1990	April 02, 2008
e	Type of Company	Public Listed	Public Unlisted
f	Registered Office address	3rd Floor, Dawer Chambers, Near Sub Jail, Ring Road, Surat -395002 in the State of Gujarat	91, G.I.D.C, Khatodara, behind Sub-Jail, Ring Road, Surat, Gujarat, India, 395002
	E-mail address of the Contact Person	<i>info@shahlon.com</i>	<i>info@shahlon.com</i>
g	Summary of main object as per the memorandum of association; and main business carried on by the Company	For main objects please refer para.3.4 Main business carried on by the Company: The Applicant Company Applicant Transferor Company is <i>inter-alia</i> engaged in the business of manufacturing of grey fabric along with all types of yarn preparatory facilities like sizing, texturing, twisting, crape etc. Further the Applicant Company is also engaged in an agency with Reliance Industries Limited for sale of yarn.	For main objects please refer para 4.4 Main business carried on by the Company: The Transferee Company is <i>inter-alia</i> engaged in the business of manufacturing of fabric on water jet looms, air jet looms & rapier looms and various yarn preparatory activities like sizing, texturing, yarn dyeing, twisting, crape, ply yarn etc. Further the Transferee Company is also engaged in an agency with Reliance Industries Limited for sale of yarn which the Company is authorized to carry on.
h	Details of change of name, Registered Office and objects of the Company during the last five years	There is no change of name, change of registered office and objects of the company in the last five years.	There is no change of name, change of registered office and objects of the company in the last five years.
i	Name of stock exchange(s) where securities of the Company are listed, if applicable	BSE Limited	None
j	Details of capital structure – Authorized, Issued, subscribed and paid-up share capital	Refer Para 24	Refer Para 24
k	Names and address of the promoters and directors	Refer Paragraph 21 for Directors Refer Paragraph 22 for Promoters	Refer Paragraph 21 for Directors Refer Paragraph 22 for Promoters
(iii)	If the scheme of compromise or arrangement relates to more than one company, the fact and details of any relationship subsisting between such companies who are parties to such scheme of compromise or arrangement, including holding, subsidiary or associate companies	The parties to the Scheme are group companies. There is no holding, subsidiary or associate companies . However, the Transferor Company is holding 16,000 equity shares of Rs.10 each of the Transferee Company, which constitute 0.14% of total paid-up share capital of the Transferee Company, which will stand cancelled upon Scheme coming into effect and which will amount to reduction of share capital of the Transferee Company to such extent.	

No.	Particulars	Fairdeal Filaments Limited	Shahlon Silk Industries Limited
		Transferor Company	Transferee Company
(iv)	The date of board meeting at which the scheme was approved by the board of directors including the name of directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution	August 22, 2018	August 22, 2018
(v)	Explanatory Statement disclosing details of the scheme of merger including:-		
a	Parties involved in Such compromise or arrangement	Fairdeal Filaments Limited - Transferor Company Shahlon Silk Industries Limited - Transferee Company	
	In case of amalgamation or merger, appointed Date		
	Appointed Date	April 1, 2018	
	Effective Date	<p>the last of the dates on which the certified copies of the Order(s) of the Adjudicating Body, are filed with the Registrar of Companies, Ahmedabad.</p> <p>The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the Adjudicating Body and/or by the Board of Directors in terms of Clause 23 shall although be operative from the Effective Date but shall be deemed to be retrospectively effective from the Appointed Date in accordance with the provisions of Section 232 (6) of the Act.</p>	
b	Share Exchange Ratio and other considerations, if any	<p>The Transferee Company will issue 67,22,222 (<i>Sixty seven lakhs twenty two thousand two hundred twenty two only</i>) equity shares of Rs.10 each (the "New Shares") to the registered fully paid-up equity shareholders of the Applicant Company in the ratio of 1:0.90, i.e. 1 (<i>one</i>) equity share of Rs.10 each credited as fully paid up in the Transferee Company for every 0.90 (<i>zero point ninety</i>) equity share of Rs.10 each fully paid up held by them in the Applicant Company (the "<i>New Shares Entitlement Ratio</i>"). The New Shares will be issued in the New Shares Entitlement Ratio to registered fully paid-up equity shareholders of the Applicant Company whose names are recorded in the register of equity shareholders of the Applicant Company on the Record Date.</p>	
c	Summary of Valuation report (if applicable) including basis of valuation and fairness opinion of the registered valuer, if any, and the declaration that the valuation report is available for inspection at registered office of the Company	<p>Refer Annexure D of this Report.</p> <p>Same is available for inspection at the Registered Office of the Applicant Company between 11.00 a.m. to 1.00 p.m. on any working day of the Company (except Saturdays, Sundays & public holidays) upto one day prior from the date of the meeting.</p>	
d	Details of capital or debt restructuring, if any	<p>There is no debt restructuring involved in the Scheme. However, for capital restructuring, refer Para 24</p>	
e	Rationale for the compromise or arrangement	Refer Para 6	
f	Benefits of the compromise or arrangement as perceived by the Board of directors to the company, members, creditors and others (as applicable)	Refer Para 6	

No.	Particulars	Fairdeal Filaments Limited	Shahlon Silk Industries Limited
		Transferor Company	Transferee Company
g	Amount due to the Unsecured Creditors as of September 30, 2018	Rs.1682.61 Lacs	Rs.5542.73 Lacs
(vi)	Disclosure about effect of the merger on		
a	Key Managerial personnel (KMP) (other than Directors)	KMP are the employees of the Transferor Company and as per the Scheme, all the employees of FFL shall become employees of SSIL with effect from effective date of Scheme.	No change in Key Managerial Person is expected pursuant to the Scheme.
b	Directors	Pursuant to the Scheme becoming effective, the Directors which are common will continue as Directors in the Transferee Company. In relation to the remaining Directors, there will be no adverse effect as the Transferor Company shall cease to exist.	There is no adverse effect of the Scheme on the Directors of Transferee Company.
c	Promoters	<p>The Scheme does not contemplate payment of any additional considerations to the Promoters except to the extent of their shareholding in Transferee Company as detailed in point v (b) above.</p> <p>The Scheme will lead to additional allotment of shares of Transferee Company, which would in turn would increase the public shareholding in Transferee Company to approximately 26.94% of total issued and paid-up share capital of Transferee Company post Scheme coming into effect. Although, the shareholding of the Promoter in the Transferee Company will reduced from earlier 100% to 73.06% but, the shareholding of promoters in the merged entity will increase as compared to 28.43% of promoters' shareholding in the Transferor Company prior to the Scheme coming into effect.</p>	
d	Non-promoter members	<p>Pursuant to this Scheme, as part of the consideration for the merger, the Transferee Company will issue and allot 67,22,222 fully paid-up equity shares of Rs.10 each (the "New Shares") to shareholders of the Transferor Company. The New Shares will be issued by the Transferee Company to such equity shareholders of the Transferor Company whose names are recorded in the register of members of the Transferor Company as on the Record Date in the ratio of 1:0.90, i.e. 1 (one) equity share of Rs.10 each credited as fully paid up in the Transferee Company for every 0.90 (<i>point ninety</i>) equity share held by them in the Transferor Company.</p> <p>The New Shares issued and allotted by the Transferee Company in terms of this Scheme shall rank <i>pari-passu</i> in all respects with the existing shares of the Transferee Company, including in respect of dividends, if any, that may be declared by the Transferee Company, on or after the Effective Date.</p> <p>The Scheme will lead to additional allotment of shares of Transferee Company, which would in turn would increase the public shareholding in Transferee Company to approximately 26.94% of total issued and paid-up share capital of Transferee Company post Scheme coming into effect. However, shareholding of public shareholders in the Transferee Company will reduced 26.94% in the Transferee Company as compared to 71.57% of public shareholding in the Transferor Company prior to the Scheme coming into effect.</p>	
e	Depositors	The Transferor Company does not have any public deposits and accordingly, it does not have any depositors so hence the question of Scheme having effect on depositor does not arise.	The Transferee Company does not have any public deposits and accordingly, it does not have any depositors hence the question of Scheme having effect on depositor does not arise.
f	Creditors	Upon the Scheme coming into effect, the creditor obligations with respect to the Transferor Company shall become the obligations of the Transferee Company. The Scheme is expected to be in the best interest of the Transferor Company's creditors	Upon the Scheme coming into effect, the creditor obligations with respect to the Transferor Company shall remain obligations of the Transferee Company. The Scheme is expected to be in the best interest of the Transferor Company's creditors

No.	Particulars	Fairdeal Filaments Limited	Shahlon Silk Industries Limited
		Transferor Company	Transferee Company
g	Debenture holders	The Transferor Company has no outstanding debentures and therefore, the effect of the Scheme on debenture holders does not arise.	The Transferee Company has no outstanding debentures and therefore, the effect of the Scheme on debenture holders does not arise.
h	Deposit trustee & Debenture trustee	<p>The Transferor Company does not have any public deposits and accordingly, it does not have any depositors or deposit trustee and the question of Scheme having effect on depositor or deposit trustee does not arise.</p> <p>Further, there are no debenture holders or debenture trustee in the Transferor Company as no debentures are issued. Thus, the question of Scheme having effect on debenture holder or debenture trustee does not arise.</p>	<p>The Transferee Company does not have any public deposits and accordingly, it does not have any depositors or deposit trustee and the question of Scheme having effect on depositor or deposit trustee does not arise.</p> <p>Further, there are no debenture holders or debenture trustee in the Transferee Company as no debentures are issued. Thus, the question of Scheme having effect on debenture holder or debenture trustee does not arise.</p>
i	Employees of the company	Employees in relation to the Transferor Undertaking shall become the employees of the Transferee Company. No right of employees shall get affected.	
(vii)	Disclosure about effect of compromise or arrangement on material interest of Directors, Key Managerial Personnel (KMP) and debenture trustee		
	Directors	Pursuant to the Scheme becoming effective, few directors are already directors in the Transferee Company and will continue as directors in the Transferee Company. In relation to the remaining Directors, the question of impact on them does not arise as the Company shall cease to exist.	There is no adverse effect of the Scheme on the Directors of the Transferee Company.
	Key Managerial personnel	KMP are the employees of the Transferor Company and as per the Scheme, all the employees of the Transferor Company shall become employees of the Transferee Company with effect from Effective Date of Scheme.	No change in Key Managerial Person is expected pursuant to the Scheme.
	Debenture Trustee	There are no debenture holders or debenture trustee in the Transferor Company as no debentures are issued. Thus, the question of Scheme having effect on debenture holder or debenture trustee does not arise.	There are no debenture holders or debenture trustee in the Transferee Company as no debentures are issued. Thus, the question of Scheme having effect on debenture holder or debenture trustee does not arise.
(viii)	investigation or proceedings, if any, pending against the company under the Act	No investigation proceedings have been initiated or are pending against the Transferor Company and Transferee Company under the Companies Act, 2013.	
(ix)	details of the availability of the following documents for obtaining extract from or for making or obtaining copies of or inspection by the members and creditors, namely:		
a	Latest Audited Financial Statements of the Company including consolidated financial statements	Available for inspection at the Registered Office of the Applicant Company between 11.00 a.m. to 1.00 p.m. on any working day of the Company (except Saturdays, Sundays & public holidays) upto one day prior from the date of the meeting.	
b	Copy of the order of Tribunal in pursuance of which the meeting is to be convened or has been dispensed with	Available for inspection at the Registered Office of the Applicant Company between 11.00 a.m. to 1.00 p.m. on any working day of the Company (except Saturdays, Sundays & public holidays) upto one day prior from the date of the meeting.	
c	Copy of Scheme	<p>Annexed as Annexure A to the Notice.</p> <p>Also available at the Registered Office of the Applicant Company between 11.00 a.m. to 1.00 p.m. on any working day of the Company (except Saturdays, Sundays & public holidays) upto one day prior from the date of the meeting.</p>	

No.	Particulars	Fairdeal Filaments Limited	Shahlon Silk Industries Limited
		Transferor Company	Transferee Company
d	Contracts or Agreements material to the compromise or arrangement	All business contracts and licenses of Transferor Company will get transferred to the Transferee Company.	
e	The certificate issued by the Auditor of the company to the effect that the accounting treatment, if any, proposed in the scheme of compromise or arrangement is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013; and	Available for inspection at the Registered Office of the Applicant Company between 11.00 a.m. to 1.00 p.m. on any working day of the Company (except Saturdays, Sundays & public holidays) upto one day prior from the date of the meeting.	
f	Such other information or documents as the Board or Management believes necessary and relevant for making decision things for or against the scheme	Available for inspection at the Registered Office of the Applicant Company between 11.00 a.m. to 1.00 p.m. on any working day of the Company (except Saturdays, Sundays & public holidays) upto one day prior from the date of the meeting.	
(x)	Details of approvals, sanctions or no-objection(s), if any, from regulatory or any other governmental authorities required, received or pending for the proposed scheme of compromise or arrangement	As per the Minutes of the Order dated January 24, 2019	
(xi)	A statement to the effect that the persons to whom the notice is sent may vote in the meeting either in person or by proxies, or where applicable, by voting through electronic means	Members to whom the Notice is sent may vote in either person or by proxies	

26. No investigation proceedings have been initiated or are pending against the Applicant Company, under Chapter XIV of the Companies Act, 2013.
27. The proposed Scheme will not have any adverse effect on the interest of any of the shareholders and creditors of the Applicant Company. The sanction of the Scheme will benefit and is in the interests of the shareholders and creditors of the Applicant Company.
28. The rights and interests of the creditors will not be prejudicially affected by the Scheme as no sacrifice or waiver is at all called from them nor their rights sought to be modified in any manner.
29. The Share Entitlement Ratio in respect of the Scheme has been arrived at on the basis of the valuation made by CNK & Associates LLP. A copy of the said report has been annexed to this Notice as **Annexure D.**
30. The Board of Directors of the Applicant Company has considered the said Valuation Report and also considered various factors and accordingly, the Board of Directors of the Applicant Company believes that the Share Entitlement Ratio in respect of the New Shares is fair and reasonable and has approved the same at its meeting held on August 22, 2018. All Directors of the company i.e. Mr. Dhirajlal Raichand Shah, Mr. Arvind Raichand Shah, Mr. Jayantilal Raichand Shah, Mr. Rajendra K. Desai, Mr. Nandish S Vin and Ms. Sonia P. Khanna were present at the meeting and voted in favour of the Scheme. As per the Valuation Report prepared by the Chartered Accountants, CNK & Associates LLP the share exchange ratio determined was 1:1 i.e. 1 (one) equity share of Rs.10 each credited as

fully paid up in Transferee Company for every 1 (one) equity share of Rs. 10 each fully paid up held by them in the Company on basis of the valuation of the assets and liabilities of the Company carried out by them as provided in their report. However, after detailed deliberation and discussions the Board, for the benefit of the public shareholders of the Applicant Company have decided to reduce the valuation of Transferee Company by issuing additional shares to the members of the Applicant Company in the ratio of 1:0.9 i.e. 1 (one) equity share of Rs. 10 each credited as fully paid up in Transferee Company for every 0.9 (point nine) equity share held by them in the Company.

31. In addition, the Applicant Company is seeking the approval of its Equity Shareholders to the scheme by way of voting through postal ballot and e-voting. Circular No. CFD/DIL3/CIR/2017/21 dated 10th Day of March, 2017 ("**SEBI Circular**") issued by the Securities and Exchange Board of India ("**SEBI**"), inter alia, provides that approval of Public Shareholders of the Applicant Company to the scheme shall be obtained by way of voting through postal ballot or e-voting. Since, the Applicant Company is seeking the approval of its Equity Shareholders (which includes Public Shareholders) to the scheme by way of voting through postal ballot, e-voting and Ballot or Polling Paper, no separate procedure for voting through postal ballot and e-voting would be required to be carried out by the Applicant Company for seeking the approval to the scheme by its Public Shareholders in terms of SEBI Circular. The notice sent to the Equity Shareholders (which include Public Shareholders) of the Applicant Company would be deemed to be the notice sent to the Public Shareholders of the Applicant Company. For this purpose, the term "Public" shall have the meaning assigned to it in Rule 2(d) of the Securities Contracts (Regulations) Rules, 1957 and the term "Public Shareholders" shall be construed accordingly.

NCLT, by its Order, has, inter alia, held that since the Applicant Company is directed to convene a meeting of its Equity Shareholders, which includes Public Shareholders, and the voting in respect of the Equity Shareholders, which includes Public Shareholders, is through postal ballot, e-voting and Ballot or Polling Paper, the same is in sufficient compliance of SEBI Circular.

The scrutinizer appointed for conducting the postal ballot and e-voting process will however submit his separate report to the Chairman of the Applicant Company after completion of the scrutiny of the postal ballot including e-voting submitted/cast by the Public Shareholders so as to announce the results of the postal ballot and e-voting exercised by the Public Shareholders of the Applicant Company. In terms of the SEBI Circular, the scheme shall be acted upon only if the votes cast by the Public Shareholders (through postal ballot or e-voting) in favour of the resolution for approval of Scheme are more than the number of votes cast by the Public Shareholders against it.

32. In accordance with the provisions of Sections 230 to 232 of the Act, the scheme shall be acted upon only if a majority in persons representing three fourths in value of the Equity Shareholders, of the Applicant Company, voting in person or by proxy or by postal ballot or e-voting, agree to the scheme.
33. If the entries in the books /register /depository records of the Applicant Company in relation to the number or value, as the case may be, of the Equity Shares are disputed, the Chairman of the meeting shall determine the number or value, as the case may be, for the purposes of the said meeting and his decision in that behalf would be final.
34. Only Members of the Applicant Company may attend and vote (*either in person or by proxy or by authorized representative*) at the meeting. The representative of a body corporate, which is a member of the Applicant Company may attend and vote at the meeting provided a certified true copy of the resolution/authorization of the competent body is deposited at the registered office of the Applicant Company not later than 48 hours before the meeting authorizing such a representative to attend and vote at the meeting.
35. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Applicant Company. The form of proxy duly completed should, however, be deposited at the registered office of the Applicant Company not less than 48 hours before the scheduled time for commencement of the meeting.
36. As per Section 105 of the Companies Act, 2013 and rules made thereunder, a person can act as proxy on behalf of members not exceeding 50 and holding in aggregate not more than 10% of the total share capital of the Applicant Company carrying voting rights. Further, a member holding more than 10% of the total share capital of the Applicant Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
37. That the quorum for the meeting of the member will be as per Section 103 of the Companies Act, 2013 which shall be 15 (Fifteen) Equity Shareholders present in person.
38. On the Scheme being approved as per the requirements of Section 230 to 232 of the Companies Act, 2013, the Applicant Company will seek the sanction of the Hon'ble National Company Law Tribunal for sanction of the Scheme.

39. INSPECTION OF DOCUMENTS

Copies of the following documents are open for inspection at the Registered Office of the Applicant Company between 11.00 a.m. to 1.00 p.m. on any working day of the Company (*except Saturdays, Sundays & public holidays*) up to one day prior to the date of the meeting:

- a) Memorandum and Articles of Association of the Applicant Company and the Transferee Company;
- b) Copy of the Audited Annual Accounts as on March 31, 2018 and March 31, 2017 of the Applicant Company and the Transferee Company;

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- c) Copies of the un-audited accounts as on September 30, 2018 of the Applicant Company and the Transferee Company;
 - d) Papers and proceedings in Company Application No. 8 of 2019;
 - e) Certified Copy of the Minutes of the Orders dated January 24, 2019 passed by the Hon'ble National Company Law Tribunal, Ahmedabad Bench directing the holding and convening the meeting;
 - f) Certificate issued by the Auditor of the company to the effect that the accounting treatment, if any, proposed in the scheme of amalgamation is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013;
 - g) Copies of Resolutions passed by the Board of Directors for approval of the Scheme;
 - h) Register of Directors and Shareholders of the Applicant Company;
 - i) Valuation Report by CNK & Associates LLP dated August 17, 2018;
 - j) Copy of the Register of Directors' shareholding of the Applicant Company;
 - k) Copy of the Fairness Opinion dated August 21, 2018 obtained from Mark Corporate Advisors;
 - l) Copy of the Audit Committee Report;
 - m) Copy of the complaints report; and
 - n) Copy of the Abridged Prospectus

Sd/-

Mr. Dhirajlal Raichand Shah

Chairperson appointed for the meeting.

Dated this 1st day of February, 2019

Place : Surat

Registered Office : 3rd Floor, Dawer Chambers, Near Sub-Jail, Ring Road, Surat 395 002 in the State of Gujarat.

Annexure A Scheme

SCHEME OF MERGER BY ABSORPTION OF FAIRDEAL FILAMENTS LIMITED BY SHAHLON SILK INDUSTRIES LIMITED AND THEIR RESPECTIVE SHAREHOLDERS

This Scheme of Merger is presented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 for merger by absorption of Fairdeal Filaments Limited ("*FFL*" or "*Transferor Company*") by Shahlon Silk Industries Limited ("*SSIL*" or "*Transferee Company*"). This Scheme also provides for various other matters consequential and otherwise integrally connected therewith.

The Scheme is divided into the following parts:

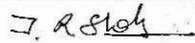
- A. **Part I** deals with the Introduction and Rationale;
- B. **Part II** deals with the Definitions, Interpretations and Share Capital;
- C. **Part III** deals with merger of FFL and SSIL;
- D. **Part IV** deal with reorganisation of share capital of SSIL
- E. **Part V** deals with the Accounting Treatment;
- F. **Part VI** deals with the General Clauses; and
- G. **Part VII** deals with the General Terms and Conditions.

PART I INTRODUCTION, RATIONALE AND OPERATION OF THE SCHEME

1. INTRODUCTION

1.1. FAIRDEAL FILAMENTS LIMITED

For FAIRDEAL FILAMENTS LTD.


Authorised Signatory/Director

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- 1.1.1. FFL (CIN: L17110GJ1990PLC013771) was originally incorporated under the name of "*Fairdeal Filaments Private Limited*" under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated May 15, 1990 issued by the Registrar of Companies, Gujarat.
- 1.1.2. The company was subsequently converted into a public limited company and consequent upon the said change of status, the name of the company was changed from '*Fairdeal Filaments Private Limited*' to its present name i.e. '*Fairdeal Filaments Limited*' *vide* fresh Certificate of Incorporation dated March 1, 1994 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. The company has its shares listed on the Bombay Stock Exchange ("*BSE Limited*").
- 1.1.3. FFL is *inter-alia* engaged in the business of manufacturing of grey fabric along with all types of yarn preparatory facilities like sizing, texturising, twisting, crape etc. FFL is also engaged in an agency with Reliance Industries Limited for sale of yarn.
- 1.1.4. FFL holds 0.14% of the issued, subscribed and paid-up share capital of the Transferee Company.

1.2. **SHAHLON SILK INDUSTRIES LIMITED**

- 1.2.1. SSIL (CIN: U17120GJ2008PLC053464), a public company, was originally established as a partnership firm on September 13, 1984 and was subsequently converted into a private limited company under the Companies Act, 1956 *vide* Certificate of Incorporation dated April 02, 2008 under the name of '*Shahlon Silk Mills Private Limited*' issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli.

- 1.2.2. 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 issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli.

- 1.2.3. The company was subsequently converted into a public limited company and consequent upon the said change of status, the name of the company was changed from *'Shahlon Silk Industries Private Limited'* to its present name i.e. *'Shahlon Silk Industries Limited'* vide fresh Certificate of Incorporation dated 10th August, 2018 issued by the Registrar of Companies, Ahmedabad.
- 1.2.4. SSIL is *inter-alia* engaged in the business of manufacturing of fabric on water jet looms, air jet looms & rapier looms and various yarn preparatory activities like sizing, texturising, yarn dyeing, twisting, crape, ply yarn etc. SSIL is also engaged in an agency with Reliance Industries Limited for sale of yarn.

2. RATIONALE FOR THE SCHEME

- 2.1. The merger of FFL with SSIL is based on the following rationale:
- 2.1.1. FFL and SSIL, belonging to the same group of management, are largely engaged in the similar kind of business activities i.e. manufacturing of fabric on water jet looms. In addition to above, SSIL is also involved in manufacturing of fabric on air jet looms and rapier looms, which will be beneficial to the merged entity in diversifying its product portfolio pursuant to the Scheme coming into effect.
- 2.1.2. FFL and SSIL both carry out yarn preparatory facilities like sizing, texturising, twisting, crape, etc.
- 2.1.3. FFL and SSIL both are the agents for Reliance Industries Limited in relation to sale of yarn product and thus, business of FFL and SSIL are complementary in nature and consolidation of business

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will be beneficial for both the companies and their shareholders.

- 2.1.4. Economies of scale will play a bigger role as the consolidated entity's operational efficiency will increase, which will in turn allow the merged entity to compete on a larger scale in the industry, thus benefiting the merged entity and the shareholders.
- 2.1.5. The amalgamation will enable the merged entity to build up a diversified product portfolio.
- 2.1.6. As on March 31, 2018, SSIL has a net worth of Rs.61,71,32,000 (*Rupees sixty one crores seventy one lakhs thirty two thousand*) and FFL has a net worth of Rs.19,16,98,000 (*Rupees nineteen crores sixteen lakhs ninety eight thousand*). The combined entity will have net worth of around Rs.80,65,90,000 (*Rupees eighty crores sixty five lakhs ninety thousand*) which will enable the merged entity with more negotiation power for debt finance considering its size and financial strength further the merged entity will have option of equity financing.
- 2.1.7. This merger will provide an opportunity to leverage assets and build a stronger sustainable business. It will provide an opportunity to fully leverage stronger asset capabilities, experience, expertise and infrastructure of both the companies and thus increased ability for promotion of business activities as well as for fund raising as may be required for business development.
- 2.1.8. Manufacturing of grey fabric and texturizing / various yarn value addition activities of FFL and SSIL are located at Block number 297 /298 of Limodara Patiya, Village: Karanj, Taluka Mandvi, District: Surat and both the companies share the common entrance gate. At Fairdeal Textile Park, Village: Mahuvej, Taluka Mangrol, District: Surat, SSIL has manufacturing facilities for manufacturing of various yarns, grey fabric at Block no. 692/A and FFL has its proposed factory site also located just adjacent to



SSIL on Block number 692/A. Both the companies have their administrative office located at 3rd Floor Dawer Chambers, Nr. Sub-Jail, Ring Road, Surat which is partly owned by FFL and partly by SSIL. As major of the manufacturing sites of FFL are adjacent to/together with SSIL, this merger would lead to synergic benefits, efficiency of operations and management, rapid growth of the entity, optimum utilization of its resources and minimization of the administrative and operative costs.

2.1.9. The merger will result in a value creation for the shareholders and stakeholders of FFL and SSIL as the combined amalgamated company will have improved efficiency, market share, financial structure, larger cash flows and stronger consolidated revenue and profitability.

2.1.10. The merger of FFL with SSIL would result in consolidation of business activities of both the companies and will facilitate effective management of investments and synergies in operation.

2.1.11. There is no likelihood that any shareholder or creditor or employee of FFL and SSIL would be prejudiced as a result of the Scheme. Thus, the merger is in the interest of the shareholders, creditors and all other stakeholders of the companies and is not prejudicial to the interests of the concerned shareholders, creditors or the public at large.

3. OPERATION OF THE SCHEME

3.1. This Scheme is presented under Sections 230 to 232 read with Sections 66 of the Companies Act, 2013, and other applicable provisions of the relevant Act (*as defined hereinafter*) for:

3.1.1. merger of FFL with SSIL;

3.1.2. reduction of paid-up share capital of SSIL; and

3.1.3. various other matters consequential or otherwise integrally connected herewith.

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PART II
DEFINITIONS, INTERPRETATIONS AND SHARE CAPITAL

4. DEFINITIONS

4.1. In this Scheme, unless inconsistent with the subject or context, the following expression shall have the following meanings:

4.1.1. "*Act*" means the Companies Act, 2013, along with rules and regulations issued thereunder, including, any statutory modifications, re-enactments or amendments made thereto from time to time.

4.1.2. "*Adjudicating Body(ies)*" means the Hon'ble National Company Law Tribunal, Ahmedabad Bench and the National Company Law Appellate Tribunal as constituted and authorised as per the provisions of the Companies Act, 2013 for approving any scheme of arrangement, compromise or reconstruction of companies under section 230 to 232 of the Companies Act, 2013 or any other authority having jurisdiction under the Act to sanction the scheme.

4.1.3. "*Appointed Date*" means April 01, 2018 or such other date as the Adjudicating Body(ies) may direct or fix, for the purpose of amalgamation of FFL with SSIL under this Scheme.

4.1.4. "*Board*" or "*Board of Directors*" means the board of directors of FFL or SSIL, as the case may be, and shall, unless it is repugnant to the context or otherwise, include a committee of directors or any person authorized by the board of directors or such committee of directors.



4.1.5. "**Effective Date**" means the last of the dates on which the certified copies of the Order(s) of the Adjudicating Body, are filed with the Registrar of Companies, Ahmedabad.

All references in this Scheme to the date of "coming into effect of the/this Scheme" or "Effectiveness of the Scheme" or "Scheme taking effect" shall mean the Effective Date.

4.1.6. "**FFL**" or "**Transferor Company**" means Fairdeal Filaments Limited, a company incorporated under the Companies Act, 1956 and having its registered office situated at 3rd Floor, Dawer Chambers, Near Sub-Jail, Ring Road, Surat 395 002 in the State of Gujarat. The Permanent Account Number of FFL is AAACF3804A.

4.1.7. "**Governmental Authorities**" means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other governmental or quasi-governmental authority or any court, tribunal, board, bureau, instrumentality, judicial or arbitral body having jurisdiction over the territory of India.

4.1.8. "**LODR**" means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 issued by the Securities and Exchange Board of India.

4.1.9. "**Record Date**" means the date to be fixed by the Board of Directors of SSIL for the purpose of reckoning name of the equity shareholders of FFL, who shall be entitled to receive the New Shares to be issued by SSIL and for any other purpose as provided in this Scheme.

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- 4.1.10. "**ROC**" means the Registrar of Companies, Ahmedabad having jurisdiction in relation to both the Transferor Company and the Transferee Company.
- 4.1.11. "**Scheme**" or "**the Scheme**" or "**this Scheme**" means this Scheme of Merger by Absorption in its present form submitted to the relevant Adjudicating Body with modification(s), approved or imposed or directed by the relevant Adjudicating Body.
- 4.1.12. "**SEBI Circulars**" means the circulars issued by Securities and Exchange Board of India in relation to the amalgamations and arrangements carried out under the Act and shall *inter-alia* collectively refer to SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, SEBI Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017 and the SEBI Circular no. CFD/DIL3/CIR/2018/2 dated January 03, 2018.
- 4.1.13. "**SSIL**" or "**Transferee Company**" means Shahlon Silk Industries Limited, incorporated under the provisions of the Companies Act, 1956 and having its registered office at 91, G.I.D.C., Khatodara, B/H.: Sub-Jail, Ring Road, Surat, Gujarat 395002, India. The Permanent Account Number of SSIL is AALCS7927G.
- 4.1.14. "**Transferor Undertaking**" means and includes:
- 4.1.14.1. All the assets and properties of FFL, whether real, tangible or intangible, present or future, actual or contingent, or whether recorded in the books or not, as on the commencement of the Appointed Date;
- 4.1.14.2. All debts, liabilities, duties and obligations of FFL, whether fixed, contingent or absolute, as on the commencement of the Appointed Date;



4.1.14.3. Without prejudice to the generality of sub-clause 4.1.14.1 and 4.1.14.2 above, the Transferor Undertaking shall mean and include:

4.1.14.4. all the assets and properties, whether movable or immovable, real or personal, fixed assets, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent assets including stock, investments, insurance policies, claims, powers, authorities, allotments, approvals, registrations, contracts, engagements, arrangements, rights, titles, interests, benefits, advantages, lease-hold rights, tenancy rights, permits, authorisations, quota rights, including reserves, provisions, funds, contributions (including to any provident fund, employee state insurance, gratuity fund or any other schemes or benefits for employees), utilities, electricity, telephone, data, water and other service connections, books, records (including employee records and files), files, papers, engineering and process information, computer programmes along with licenses, drawings, backup copies, websites, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form, benefits of agreements, contracts and arrangements, powers, authorities, balances with all regulatory authorities, liberties, advantages, easements and all the right, title, interest, goodwill, reserves, provisions, advances, receivables, funds, cash, bank balances, accounts, earnest moneys/ security deposits and all other rights, claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by FFL as on the commencement of the Appointed Date and all earnest money and/or deposits including security deposits paid by FFL as on the commencement of the Appointed Date and all other rights, obligations, benefits available under any rules, regulations, statutes including direct and indirect tax laws, central goods and

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services tax, state goods and services tax and particularly Sales Tax benefits, advance taxes, self-assessment tax, tax deducted at source, CENVAT benefits, import and export benefits and custom duty benefits, MAT credit, tax deferrals, accumulated tax losses, unabsorbed tax depreciation of FFL;

4.1.14.5. any license fee with any Governmental Authority that may have been paid by FFL;

4.1.14.6. all intellectual property rights including trademarks, brands, domain names, trade names and the goodwill associated therewith, patent rights copyrights and other industrial designs and intellectual properties and rights of any nature whatsoever including know-how assignments and grants in respect thereof of FFL;

4.1.14.7. all employees of FFL;

4.1.15. and in each case, as on the commencement of the Appointed Date and as modified and altered from time to time till the Effective Date.

All terms and expressions which are used in this Scheme but not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Income-tax Act, 1961, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 (as the case may be) or other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory amendment, modification or re-enactment thereof, from time to time.

5. INTERPRETATION

5.1. In this Scheme, unless the context otherwise requires:



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- 5.1.1. words denoting singular shall include plural and vice versa;
- 5.1.2. headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;
- 5.1.3. references to the word "include" or "including" shall be construed without limitation;
- 5.1.4. a reference to an article, clause, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, clause, section, paragraph or schedule of this Scheme;
- 5.1.5. unless otherwise defined, the reference to the word "days" shall mean calendar days;
- 5.1.6. references to dates and times shall be construed to be references to Indian dates and times;
- 5.1.7. reference to a document includes an amendment or supplement to, or replacement or novation of, that document;
- 5.1.8. word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed to them; and
- 5.1.9. references to a person include any individual, firm, body corporate (whether incorporated or not), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives' body (whether or not having separate legal personality).

6. SHARE CAPITAL

- 6.1. The Share Capital of FFL as on March 31, 2018 is as under:

Particulars	(Amount in Rs.)
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Authorised Share Capital	
2,00,00,000 Equity Shares of Rs.10 each	20,00,00,000
Total	20,00,00,000
Issued, Subscribed and Paid-up Capital:	
60,50,000 Equity Shares of Rs.10 each	6,05,00,000
Total	6,05,00,000

6.2. The Share Capital of SSIL as on March 31, 2018 is as under:

Particulars	(Amount in Rs.)
Authorised Share Capital	
1,20,00,000 Equity Shares of Rs.10 each	12,00,00,000
Total	12,00,00,000
Issued, Subscribed and Paid-up Capital:	
1,11,52,250 Equity Shares of Rs.10 each	11,15,22,500
Total	11,15,22,500

6.3. As on date of the approval of the Scheme by the Board of Directors of FFL and SSIL, there is no change in the capital structure of FFL or SSIL.

PART III
MERGER OF FFL WITH SSIL

7. TRANSFER AND VESTING OF ASSETS AND LIABILITIES OF FFL INTO SSIL

7.1. The entire assets, liabilities, business and undertaking (including, the Transferor Undertaking) of FFL shall, with effect from the Appointed Date and without any further act or deed, be and the same shall stand transferred to and vested in or deemed to have been transferred to or vested in SSIL, as a going concern,



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pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013, and other applicable provisions of the relevant Act and in accordance with the provisions of Sections 2(1B) and 47 of the Income Tax Act, 1961 and the provisions of this Scheme in relation to the mode of transfer and vesting of assets. This Scheme is a '*Merger by Absorption*' in terms of the Explanation provided in Section 232 of the Act and shall be deemed to be regarded as an '*Amalgamation*' in terms of Section 2(1B) of the Income Tax Act, 1961.

- 7.2. This Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) and other relevant provisions of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section and other related provisions at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said section and other related provisions of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) and other relevant provisions of the Income Tax Act, 1961.
- 7.3. The assets of FFL, which are moveable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and acknowledgement of possession, shall be so transferred by FFL and shall become the property of SSIL without any act or deed on the part of FFL without requiring any separate deed or instrument or conveyance for the same to the end and intent that the property and benefits therein passes to SSIL.
- 7.4. The assets of FFL on the Appointed Date shall upon the Scheme coming into effect, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred

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and vested in SSIL pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Act and the vesting of all such assets shall take place from the Effective Date.

- 7.5. The assets of FFL, acquired by FFL on and from the Appointed Date upto the Effective Date, shall also without any further act, instrument or deed stand transferred to or be deemed to have been transferred to SSIL upon the Scheme coming into effect.
- 7.6. For avoidance of doubt, upon the Scheme coming into effect, all the rights, title, interest and claims of FFL in any leasehold properties shall, pursuant to Section 232 of the Companies Act, 2013 and other applicable provisions of Act, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in SSIL.
- 7.7. For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the Scheme coming into effect, all approvals, permits, quotas, environmental approval and consents, consents, permissions (municipal and any other statutory permission), licences, accreditations to trade and industrial bodies, privileges, powers, facilities, certificates, clearances, membership, subscriptions, entitlements, incentives, engagements, remissions, remedies, powers, facilities, rehabilitation schemes, authorities, subsidies, concession, special status and other benefits or privileges (granted by any Governmental Authorities or by any other person) any exemptions or waivers of every kind and description of whatsoever nature, powers of attorney given by, issued to or executed in favour of FFL, shall stand transferred to SSIL as if the same were originally given by, issued to or executed in favour of SSIL and SSIL shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to SSIL.



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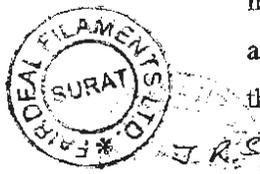
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- 7.8. As a consequence of the amalgamation of FFL with SSIL in accordance with this Scheme, the recording of change in name from FFL to SSIL, whether for the purposes of any licence, permit, approval or any other reason, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority without the requirement of payment of any transfer or registration fee or any other charge or imposition whatsoever.
- 7.9. Without prejudice to the other provisions of this Scheme, SSIL may, at any time after the Scheme becoming effective, in accordance with the provisions hereof, if required by any applicable law or otherwise, take such actions or execute such documents or deeds or make such applications to the Governmental Authorities or any third person for the purposes of transfer/vesting of the approvals, sanctions, consents, permits, rights, entitlements, contracts or arrangements to which FFL was entitled to or party to, as the case may be and such authority or third party shall pursuant to sanction of this Scheme by Adjudicating Body, deem to take on record in the name of SSIL. SSIL shall make applications to any Governmental Authorities or any third persons (as the case may be) as may be necessary in this behalf.
- 7.10. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the vesting of FFL occurs by virtue of this Scheme itself, SSIL may, at any time after the Scheme coming into effect in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds (not limited to deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangements to which FFL was a party or any writing as may be necessary to be executed in order to give formal effect to the above provisions. SSIL shall, under the provisions of this Scheme, be deemed to be

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authorised to execute any such writings on behalf of FFL and to carry out or perform all such formalities and compliances as required by FFL.

- 7.11. SSIL shall be entitled to the benefit of all insurance policies which have been issued in respect of FFL and the name of SSIL shall be substituted as "Insured" in the policies as if SSIL was initially a party.
- 7.12. With effect from the Appointed Date, all debts, liabilities and obligations, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet of FFL, as on the close of the business on the day immediately preceding the Appointed Date, shall become the debts liabilities, duties and obligations of SSIL. Upon the Scheme coming into effect, SSIL shall, in relation to all debts, liabilities and obligations provided for and disclosed in the books of accounts and/ or balance sheet of FFL meet, discharge and satisfy the same to the exclusion of FFL.
- 7.13. With effect from the Appointed Date, and subject to the provisions of this Scheme, the liabilities of FFL including, but not limited to all secured and unsecured debts, sundry creditors, liabilities (including contingent liabilities), and all duties and obligations (including any guarantees, indemnities, letter of credit or any other instrument or arrangement which may give rise to a contingent liability in whatever form) of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized for its business activities and operations, shall, pursuant to the sanction of this Scheme by the Adjudicating Body and under the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, without any further act, instrument or deed or matter or thing be transferred to and vested in or be deemed to have been transferred to and vested in SSIL, along with any charge, encumbrance, lien or security thereon, and the same shall be assumed by SSIL to the extent they are



outstanding on the Effective Date so as to become as and from the Appointed Date, the liabilities of SSIL on the same terms and conditions as were applicable to FFL, without any consent of any third party or other person who is a party to the contract or arrangements by virtue of which such liabilities have arisen, in order to give effect to the provisions of this Clause. Further, any existing credit facilities which have been sanctioned to FFL by the bankers, financial institutions and any third party and which is standing as on the Appointed Date but before the Effective Date shall upon the Scheme coming into effect shall *ipso facto* extend to SSIL.

7.14. Where any such debts, loans raised, liabilities, duties and obligations of FFL as on the Appointed Date have been discharged or satisfied by FFL after the Appointed Date and prior to the Effective Date, such discharge or satisfaction shall be deemed to be for and on account of SSIL.

7.15. With effect from the Appointed Date, all guarantees, indemnities and contingent liabilities of FFL shall also, without any further act or deed, be transferred to or be deemed to be transferred to SSIL so as to become as and from the Appointed Date, as the guarantees, indemnities and contingent liabilities of SSIL and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such guarantees, indemnities and contingent liabilities have arisen or given, in order to give effect to the provisions of this Clause.

7.16. The transfer and vesting of FFL as aforesaid, shall be subject to the existing securities, charges, hypothecation and mortgages, if any, subsisting over or in respect of the property and assets or any part thereof of FFL, provided however, any reference in any security documents or arrangements, to which FFL is a party, wherein the assets of FFL have been or are offered or agreed to be

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offered as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to FFL as are vested in SSIL by virtue of this Scheme, to the end and intent that such security, charges, hypothecation and mortgage shall not extend or be deemed to extend, to any of the other assets of SSIL, provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the assets or any part thereof of SSIL shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges, hypothecation or mortgages to the end and intent that such securities, charges, hypothecation and mortgages shall not extend or be deemed to extend, to any of other assets of FFL vested in SSIL. Notwithstanding anything contrary provided in this Scheme, it is clarified that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by FFL which shall vest in SSIL by virtue of the vesting of FFL with SSIL and SSIL shall not be obliged to create any further or additional security therefore after the amalgamation has become operative.

7.17. Without prejudice to the foregoing provisions, FFL and SSIL may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge(s), with the respective ROC, Sub Registrar of Assurances and any other Governmental Authorities to give formal effect to the above provisions, if required.

7.18. All inter party transactions between FFL and SSIL as may be outstanding on the Appointed Date or which may take place subsequent to the Appointed Date and prior to the Effective Date, shall be considered as intra party transactions for all purposes from the Appointed Date. Any loans or other obligations, if any, due *inter-se* i.e. between FFL and SSIL as on the Appointed Date, and thereafter till the Effective Date, shall stand automatically



extinguished.

- 7.19. All the loans, advances, credit, overdraft and other facilities sanctioned to FFL by its bankers and financial institutions and any third party as on the Appointed Date, whether utilised, partly drawn or unutilised shall be deemed to be the loans and advances sanctioned to SSIL and the said loans, advances and other facilities can be drawn and utilised either partly or fully by FFL from the Appointed Date till the Effective Date and all the loans, advances and other facilities so drawn by any of FFL (within the overall limits sanctioned by their bankers and financial institutions) shall on the Effective Date be treated as loans, advances and other facilities made available to SSIL and all the obligations of FFL under any loan agreement shall be construed and shall become the obligation of SSIL without any further act or deed on the part of SSIL. Further, any existing credit facilities which have been sanctioned to FFL by the bankers and financial institutions prior to or after the Appointed Date but before the Effective Date shall, upon the Scheme coming into effect *ipso facto* extend to SSIL.
- 7.20. All existing and future incentives, benefits, brought forward losses (if any), book unabsorbed depreciation, tax unabsorbed depreciation, un-availed credits and exemptions and other statutory benefits, including in respect of income tax, excise (including cenvat), customs, central goods and services tax, state goods and services tax, integrated goods and services tax, value added tax, sales tax, service tax etc. to which FFL is entitled to in terms of the various statutes / schemes / policies, etc. of Union and State Governments shall be available to and shall vest in SSIL upon this Scheme becoming effective. Accordingly, upon the Scheme becoming effective, SSIL is expressly permitted to revise, if it becomes necessary, its Income tax returns, Sales tax returns, Excise & Cenvat returns, service tax returns, other tax returns, and to claim refunds/ credits, pursuant to the provisions

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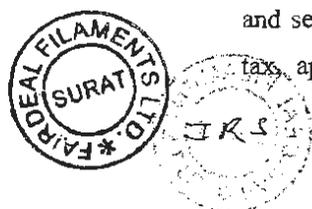


of this Scheme. SSIL is also expressly permitted to claim refunds and credits in respect of any transaction between or amongst FFL and SSIL.

7.21. All taxes, including, income-tax, tax on book profits, service tax, value added tax, central goods and service tax, state goods and service tax, integrated goods and services tax etc. paid or payable by FFL in respect of the operations and/ or the profits of FFL before the Appointed Date, shall be on account of FFL and, in so far as it relates to the tax payment (including, without limitation, income-tax, tax on book profits, value added tax, etc.) whether by way of deduction at source, advance tax or otherwise howsoever, by FFL in respect of the profits or activities or operation of FFL after the Appointed Date, the same shall be deemed to be the corresponding item paid by SSIL and shall, in all proceedings, be dealt with accordingly. Any tax deducted at source by FFL/ SSIL on payables to FFL/ SSIL on account of inter corporate loans or balances between FFL and SSIL which has been deemed not to be accrued, shall be deemed to be advance taxes paid by SSIL and shall, in all proceedings, be dealt with accordingly.

7.22. Any refund, under the Income-tax Act, 1961, central goods and services tax, state goods and services tax, integrated goods and services tax, service tax laws, excise duty laws, central sales tax, applicable state value added tax laws or other applicable laws/ regulations dealing with taxes/ duties/ levies due to FFL consequent to the assessment made on FFL (including any refund for which no credit is taken in the accounts of FFL) as on the date immediately preceding the Appointed Date shall also belong to and be received by SSIL, upon this Scheme becoming effective.

7.23. Any tax liabilities under the Income-tax Act, 1961, central goods and services tax, state goods and services tax, integrated goods and services tax, service tax laws, excise duty laws, central sales tax, applicable state value added tax laws or other applicable



laws/regulations dealing with taxes/ duties/ levies of FFL to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to SSIL.

7.24. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of FFL after the Effective Date shall be accepted by the bankers of SSIL and credited to the account of SSIL, if presented by SSIL. Similarly, the banker of SSIL shall honour all cheques issued by FFL for payment after the Effective Date. If required, FFL shall allow maintaining of banks accounts in the name of FFL by SSIL for such time as may be determined to be necessary by FFL and SSIL for presentation and deposition of cheques and pay orders that have been issued in the name of FFL. It is hereby expressly clarified that any legal proceedings by or against FFL in relation to cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of FFL shall be instituted, or as the case may be, continued, by or against, SSIL after the coming into effect of the Scheme.

7.25. Pursuant to the order of the Adjudicating Body, SSIL shall file the relevant notifications and communications in relation to assignment, transfer, cancellation, modification, or encumbrance of any license/ certificate and any other registration including but not limited to central goods and services tax, state goods and services tax, integrated goods and services tax, value added tax, excise, service tax, income tax, IEC Code, ESI, company registration number, PF, etc. if any, for the record of the appropriate authorities, which shall take them on record.

8. ISSUE OF NEW SHARES

8.1. Upon the Scheme coming into effect and without any further act or deed on the part of SSIL, SSIL will, in consideration of transfer

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and vesting of FFL into SSIL in terms of this Scheme, issue 67,22,222 (*Sixty seven lakhs twenty two thousand two hundred twenty two only*) equity shares of Rs.10 each (the "*New Shares*") to the registered fully paid-up equity shareholders of FFL in the ratio of 1:0.90, i.e. 1 (*one*) equity share of Rs.10 each credited as fully paid up in SSIL for every 0.90 (*zero point ninety*) equity share of Rs.10 each fully paid up held by them in FFL (the "*New Shares Entitlement Ratio*"). The New Shares will be issued in the New Shares Entitlement Ratio to registered fully paid-up equity shareholders of FFL whose names are recorded in the register of equity shareholders of FFL on the Record Date.

- 8.2. CNK & Associates LLP, Chartered Accountants have issued the report dated August 17, 2018 on the aforesaid New Shares Entitlement Ratio adopted under this Scheme. Mark Corporate Advisors Private Limited, Merchant Banker, has provided its fairness opinion on the aforesaid New Shares Entitlement Ratio. The aforesaid report on New Shares Entitlement Ratio and Fairness Opinion have been duly considered by the Boards of Directors of FFL and SSIL, respectively.
- 8.3. After detailed deliberation and discussions at the meeting held on August 22, 2018 of the Board of Directors of FFL, for the benefit of the public shareholders of FFL, have marginally reduced the valuation of SSIL by issuing additional shares to the members of FFL in the ratio of 1:0.90 i.e. 1 (*one*) equity share of Rs.10 each credited as fully paid up in SSIL for every 0.90 (*zero point ninety*) equity share held by them in FFL.
- 8.4. SSIL, shall, increase its authorised share capital, to the extent required, in order to issue the New Shares under this Scheme in accordance with the procedure prescribed under Section 61 of the Companies Act, 2013, without prejudice to the right of SSIL to avail set off for the fees paid by FFL as per Clause 16 in terms of Section 232(3)(i) of the Act.



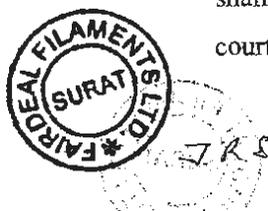
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- 8.5. The New Shares, to be issued by SSIL pursuant to Clause 8 above, shall be issued and allotted in dematerialised form by SSIL, unless otherwise notified in writing by the shareholders of FFL to SSIL, on or before such date as may be determined by the Board of Directors of SSIL or a committee thereof. In the event that such notice has not been received by SSIL in respect of any of the shareholders of FFL, the equity shares shall be issued and allotted to such shareholders in dematerialised form, provided that the shareholder of FFL shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that SSIL has received notice from any shareholder that the New Shares are to be issued in physical form or if any shareholder has not provided the requisite details relating to his/her/its account with a depository participant or other confirmations as may be required or if the details furnished by any shareholder do not permit electronic credit of the shares of SSIL, then SSIL shall issue the New Shares in physical form to such shareholder or shareholders.
- 8.6. In the event of there being any pending and valid share transfers, whether lodged or outstanding, of any shareholder of FFL, the Board of Directors, or any committee thereof, of FFL shall be empowered in appropriate cases, even subsequent to the Record Date, as the case may be, to effectuate such a transfer in FFL, as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to FFL or SSIL, as the case may be, in respect of such shares.
- 8.7. In the event the New Shares are required to be issued and allotted to such shareholders of FFL, being non-resident, the issue of such shares shall be in accordance with the provisions of the Foreign Exchange Management Act, 1999 and the applicable rules and regulations made thereunder (for the time being in force,

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including, any statutory modifications, re-enactments or amendments made thereto from time to time).

- 8.8. The New Shares, to be issued and allotted by SSIL, in terms of this Scheme, shall be subject to the provisions of the Memorandum of Association and Articles of Association of SSIL. The New Shares, to be issued and allotted, shall rank *pari-passu* in all respects with the existing shares of SSIL, including in respect of dividends, if any, that may be declared by SSIL, on or after the Effective Date.
- 8.9. If, after applying the New Shares Entitlement Ratio, a person eligible to receive equity shares of SSIL pursuant to Clause 8, becomes entitled to receive any fractional equity shares of SSIL, such person shall be entitled to receive one fully paid share instead of any such fractional entitlement.
- 8.10. Pursuant to Clause 8.9 above, the total number of shares that will be issued to equity shareholders of FFL, may vary from the total number of shares of SSIL to be issued as set forth in the first sentence of Clause 8.1.
- 8.11. The issue and allotment of the New Shares in SSIL to the relevant shareholders of FFL as provided in the Scheme shall be carried out and the same would not require following of the procedure laid down under Section 42 and 62 of the Companies Act, 2013 and any other applicable provisions of the relevant Act.
- 8.12. The New Shares to be issued by SSIL under this Scheme pursuant to Clause 8 in respect of any equity shares of FFL which are held in abeyance under the provisions of Section 126 of the Companies Act, 2013 and other applicable provisions of the relevant Act shall, pending allotment or settlement of dispute by the order of court or otherwise, also be held in abeyance by FFL and SSIL.



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- 8.13. For the purpose of issue of the New Shares to the equity shareholders of FFL, SSIL may, if and to the extent required, apply for and obtain the required statutory approvals from the Governmental Authorities for the issue and allotment by SSIL of such New Shares.
- 8.14. Subsequent to the sanction of the Scheme, SSIL will make an application for listing of its equity shares, including, the New Shares on the stock exchange in which the shares of FFL are listed, in pursuance to the relevant regulations including, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI Circulars.
- 8.15. The shares allotted pursuant to the Scheme shall remain frozen in the depositories system until listing/ trading permission is given by the designated stock exchange i.e. BSE Limited.
- 8.16. The New Shares, to be issued by SSIL under this Scheme to shareholders of FFL, in lieu of the locked in shares of FFL, if any, shall be subject to lock-in requirement for the remaining period in terms of the LODR read with the SEBI Circulars.
- 8.17. There shall be no change in the shareholding pattern or control in SSIL between the Record Date and the listing of the shares of SSIL by the relevant stock exchanges in terms of this Scheme.
- 8.18. SSIL and FFL shall duly comply with various provisions of the LODR read with the SEBI Circulars.

9. CANCELLATION OF LOANS AND ADVANCES

- 9.1. Upon the Scheme coming into effect, all the loans, inter-corporate deposits, advances or any kind of debts, as the case may be, paid or subscribed by FFL in SSIL and vice versa shall, without any

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further act or deed, get cancelled at their respective face value.

- 9.2. Upon the Scheme coming into effect, any instrument either issued by SSIL or FFL in relation to any outstanding loans, advances and/or any kind of debts, as the case may be, as set out in Clause 9.1 shall also, without any further act or deed, get cancelled.
- 9.3. The obligations in respect of aforesaid loans, advances or any kind of debts, as the case may be, shall come to an end and a corresponding suitable effect shall be given in the books of accounts and records of SSIL. If required reduction/ cancellation of such loans, advances or any kind of debts shall be reflected in the books of accounts and records of SSIL.

10. DISSOLUTION OF FFL

- 10.1. Upon the Scheme coming into effect, FFL shall, without any further act or deed, stand dissolved without winding up. The name of FFL shall be struck off from the records of the Registrar of Companies, Gujarat and SSIL shall make necessary filings in this regard.

PART IV
REORGANISATION OF SHARE CAPITAL OF SSIL

11. CANCELLATION/ REDUCTION OF SHARE CAPITAL OF SSIL HELD BY FFL

- 11.1. FFL, legally and beneficially, owns 16,000 equity shares of Rs.10 each of SSIL thereby aggregating to 0.14% of the total issued, subscribed and paid-up equity share capital of SSIL.



- 11.2. As part of the Scheme, upon the Scheme coming into effect, all the equity shares of SSIL held by FFL being, 16,000 equity shares of Rs.10 each of SSIL, shall stand cancelled and extinguished on and from the Effective Date as an integral part of the Scheme and accordingly, the Share Certificates in respect of the aforesaid equity share in SSIL held by FFL shall also stand cancelled and shall be deemed to be cancelled without any further act or deed.
- 11.3. Accordingly, upon the Scheme coming into effect and after taking into effect issue and allotment of New Shares under Clause 8, the issued, subscribed and paid-up equity share capital of SSIL shall stand reduced from the sum of Rs. 17,87,44,720 divided into 1,78,74,472 equity shares of the face value of Rs.10 each fully paid to Rs. 17,85,84,720 divided into 1,78,58,472 equity shares of the face value of Rs.10 each fully paid to give effect to cancellation of equity shares held by FFL in SSIL.
- 11.4. The cancellation, which amounts to reduction of share capital of SSIL, shall be effected as an integral part of the Scheme itself and shall be deemed to be in accordance with the provisions of Sections 230 to 232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Act as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid up share capital. The order of the Adjudicating Bodies sanctioning the Scheme shall be deemed to be an order under Section 66 of the Companies Act, 2013 and other applicable provisions of the Act confirming the reduction without imposing a condition on SSIL to add to its name "and reduced".

PART V
ACCOUNTING TREATMENT

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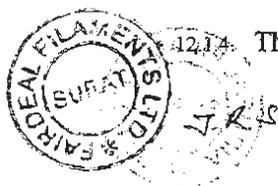
12. ACCOUNTING TREATMENT IN BOOKS OF SSIL

12.1. The merger of FFL with SSIL is a 'Business combinations of entities under common control' within the meaning of Indian Accounting Standard ("*Ind AS*") 103 issued by the Central Government u/s 133 of the Companies Act, 2013 or any applicable standard prevailing. Upon the Scheme coming into effect:

12.1.1. SSIL shall recognize the accounting treatment for this Scheme, upon the Scheme becoming effective, in accordance with the provisions of Ind AS 103. The amalgamation would be accounted for by applying "Pooling of Interest method" of accounting as contained in the Ind AS 103 issued by Institute of Chartered Accountants of India.

12.1.2. Accordingly, SSIL shall record the assets, liabilities and reserves (whether Capital or Revenue or arising on Revaluation) pertaining to the business and undertaking of FFL transferred to it in pursuance of this Scheme at their respective carrying amounts and in the same form as at the Appointed Date. SSIL shall pass such accounting entries which are necessary in connection with the Scheme to comply with other applicable Accounting Standards. The balance of Profit and Loss Account of FFL will be aggregated with corresponding balances of SSIL.

12.1.3. To the extent that there are inter-corporate loans/trade deposits, debentures, debt securities or balances between FFL and SSIL, the obligation in respect thereof shall come to an end and corresponding effect shall be given in the books of account and the records of SSIL for the reduction / netting of any assets or liabilities, as the case may be.



12.1.4. The difference between the amount recorded as share capital

issued by SSIL pursuant to this scheme and the amount of share capital of FFL shall be transferred to Capital Reserve in the books of SSIL.

- 12.1.5. In case of any differences in accounting policy between FFL and SSIL, the accounting policies followed by SSIL will prevail and the differences, if any, till the Appointed Date will be quantified and appropriately recorded in the Accounts of SSIL to ensure that the financial statements of SSIL reflect the financial position on the basis of consistent accounting policy. The effects on the financial statements of any changes in accounting policies should be reported in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates & Errors.

PART VI
GENERAL CLAUSES

13. STAFF, WORKMEN AND EMPLOYEES

- 13.1. On the Scheme coming into effect, all the employees of FFL in service on such date shall be deemed to have become employees of SSIL with effect from the Effective Date without any break in their service and on the basis of continuity of service and the terms and conditions of their employment with SSIL shall not be less favourable than those applicable to them with reference to FFL on the Effective Date. The position, rank and designation of the employees would however be decided by SSIL. Any salary, compensation, fringe benefits, perquisites and other kind of consideration given by FFL from the Appointed Date till the Effective Date will be deemed to have been paid by SSIL.
- 13.2. In so far as the Provident Fund, Gratuity Fund or any other Special Fund created or existing for the benefit of the employees of FFL are concerned, upon the Scheme coming into effect, SSIL

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shall, stand substituted for FFL for all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of FFL in relation to such Fund or Funds shall become those of SSIL and all the rights, duties and benefits of the employees employed in FFL under such Funds and Trusts shall be protected, subject to the provisions of law for the time being in force. The contributions made by FFL in respect of its employees to such Fund or Funds for any period subsequent to the Appointed Date shall be deemed to be contributions made by SSIL. It is clarified that the services of the employees of FFL will be treated as having been continuous for the purpose of the said Fund or Funds.

14. CONTRACTS, DEEDS AND STATUTORY CONSENTS

14.1. Subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature of FFL which are subsisting or having effect immediately before the Effective Date shall be in full force against or in favour of SSIL, and may be enforced as fully and effectively as if, instead of FFL, SSIL has been a party or beneficiary thereto. SSIL shall, if necessary, to give formal effect to this Clause, enter into and/or issue and/or execute deeds, writings or confirmations or enter into a tripartite arrangement, confirmation or novation to which FFL is a party.

14.2. SSIL may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which FFL is a party or any writings as may be necessary to be executed



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in order to give formal effect to the above provisions. SSIL shall be deemed to be authorised to execute any such writings on behalf and in the name of FFL and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of FFL.

- 14.3. SSIL shall be entitled, pending the sanction of the Scheme, to apply to the relevant Governmental Authorities (including, the Court, Tribunal, Debt Recovery Tribunal, as the case may be or any other agency, department or other authorities concerned as may be necessary under law), for such consents, approvals and sanctions which SSIL, respectively, may require to own and operate all or any party of FFL.

15. VALIDITY OF EXISTING RESOLUTIONS

- 15.1. Upon coming into effect of this Scheme, the resolutions of FFL including the approvals that may have been obtained by FFL from its shareholders and which are valid and subsisting on the Effective Date, as are considered necessary by the Board of Directors of SSIL shall be considered as resolutions of SSIL. If any such resolutions have any monetary limits approved under the provisions of the Act or of any other applicable statutory provisions, then the said limits, as are considered necessary by the Board of Directors of SSIL, shall be added to the limits, if any, under the like resolutions passed by SSIL.

16. MERGING OF AUTHORISED SHARE CAPITAL

- 16.1. Upon the Scheme coming into effect, in accordance with the provisions of Section 232 of the Companies Act, 2013 the authorised share capital of FFL of Rs.20,00,00,000 (*Rupees twenty crores only*) shall stand combined/ consolidated with the authorised share capital of SSIL and on the Scheme coming into effect, the authorised share capital of SSIL shall, without any

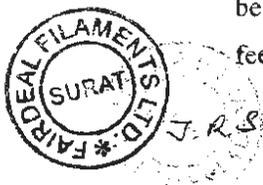


further act, deed or action, stand increased (*post combination and consolidation*) and reconstituted to Rs.32,00,00,000 (*Rupees thirty two crores*) divided into 3,20,00,000 equity shares of Rs.10 each.

- 16.2. Clause V of the Memorandum of Association of SSIL shall be amended by deleting the clause and replacing it by the following:

"The Authorised Share Capital of the Company is Rs. 32,00,00,000 (Rupees Thirty Two Crores only) divided into 3,20,00,000 equity shares of Rs.10 each, with the rights, privileges and conditions attached thereto as per the relevant provisions contained in that behalf in the Articles of Association of the Company and with the power to increase or reduce the capital of the Company and divide the shares in the share capital for the time being into several classes and to attach thereto respectively such preferential, qualified for special rights, privileges, or conditions in such manner as may be determined by or in accordance with the Articles of Association of the Company for the time being in force, and to vary, modify, enlarge or abrogate any such rights, privilege or conditions in such manner as may be permitted by the said Act or provided by the Articles of Association of the Company for the time being force."

- 16.3. It is hereby clarified that an increase in authorised share capital of SSIL, if required, shall be effected as an integral part of this Scheme without any further act or deed on the part of SSIL and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment. SSIL shall not be obliged to follow the procedure or filing as required under Sections 13, 61, 64 of the Companies Act, 2013 or any other applicable provisions of the relevant Act. It is further clarified that no registration fee/ ROC fees, stamp duty etc., shall be payable by SSIL. Upon the Scheme coming into effect, the fees paid by FFL on the authorised share capital of FFL shall,



without any act or deed, be available as a set off to SSIL in terms of Section 232(3)(i) of the Act.

- 16.4. The aforesaid quantum of merging of authorised share capital of FFL with SSIL and consequent amendment to the Memorandum of Association of SSIL is indicative in nature and the same shall be subject to change due to any increase in authorised share capital of FFL or SSIL pursuant to the Appointed Date till the Scheme coming into effect. Any such increase in the authorised share capital of FFL or SSIL pursuant to the Appointed Date till the Scheme coming into effect shall stand ipso facto added or clubbed to aggregate authorised share capital of SSIL as set out in Clause 16.1 above.

"16A CHANGE OF NAME OF THE TRANSFEREE COMPANY

1. *Upon the Scheme coming effect, the name of SSIL shall change from its present name i.e. "Shahlon Silk Industries Limited" to "Shahlon Limited" or any other name as approved by Ministry of Corporate Affairs.*
2. *The change of name of SSIL shall be effected as an integral part of this Scheme without any further act or deed on the part of SSIL and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment. SSIL shall not be obliged to follow the separate procedure under the Companies Act, 2013."*

17. LEGAL PROCEEDINGS

- 17.1. Any suit, petition, appeal or other proceeding of whatsoever nature and any orders of court, judicial or quasi-judicial tribunal or other Governmental Authorities enforceable by or against FFL including without limitation any restraining orders (including order under section 281B of the Income-tax Act, 1961) pending before any court, judicial or quasi-judicial tribunal or any other forum, relating to FFL, whether by or against FFL, pending as on the Effective Date, shall not abate or be discontinued or in any

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way prejudicially affected by reason of the amalgamation of FFL or of any order of or direction passed or issued in the amalgamation proceedings or anything contained in this Scheme, but by virtue of the order sanctioning the Scheme, such legal proceedings shall be continued and any prosecution shall be enforced by or against SSIL in the same manner and to the same extent as would or might have been continued, prosecuted and/or enforced by or against FFL, as if this Scheme had not been implemented.

17.2. After the Appointed Date and until the Effective Date, FFL shall defend all legal proceedings, other than in the ordinary course of business, with the advice and instructions of SSIL.

17.3. The transfer and vesting of the assets and liabilities under the Scheme and the continuance of the proceedings by or against SSIL shall not affect any transaction or proceeding already completed by FFL between the Appointed Date and the Effective Date to the end and intent that SSIL accepts all acts, deeds and things done and executed by and/or on behalf of FFL as acts, deeds and things done and executed by and on behalf of SSIL.

18. CONDUCT OF BUSINESS TILL THE EFFECTIVE DATE

18.1. With effect from the Appointed Date and up to the Effective Date:

18.1.1. FFL shall carry on its business and activities in the normal course of business till the vesting of the Transferor Undertaking and amalgamation of FFL with SSIL on the Effective Date and shall be deemed to have held or stood possessed of and shall hold and stand possessed of all the assets of FFL for and on account of and in trust for SSIL;

18.1.2. all the profits or income accruing or arising to FFL in relation to the Transferor Undertaking or the expenditure or losses arising or



incurred by FFL shall for all purposes be treated and be deemed to be and accrued as the profits and income or expenditure or losses of SSIL.

- 18.1.3. FFL shall carry on their business activities with general prudence and shall not, without prior written consent of SSIL, alienate, charge or otherwise deal with or dispose off any of its business undertaking or any part thereof (except in the ordinary course of business or pursuant to any pre-existing obligations undertaken by FFL prior to the Appointed Date).
- 18.1.4. FFL shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, including Securities & Exchange Board of India (SEBI) and BSE Ltd. wherever necessary for such consents, approval and sanctions which SSIL may require including the registration, approvals, exemptions, reliefs, etc., as may be required to be granted under any law for time being in force for carrying on business by SSIL.
- 18.1.5. FFL shall not make any modification to its capital structure, either by increase, decrease, reclassification, sub-division or reorganisation or in any other manner, whatsoever, except by mutual consent of the Boards of Directors of FFL and of SSIL.
- 18.1.6. all the taxes of FFL in relation to the Transferor Undertaking paid or payable by FFL, including Income Tax Refunds receivable, Tax Credits such as TDS Deducted by Customers/Banks, CENVAT Credit Balances, Goods and Services Tax Credit Balances, Goods and Services Tax Refunds due and Service Tax Refunds due, etc. shall be deemed to be taxes paid or payable by or Credits available (as the case may be) for SSIL; and
- 18.1.7. FFL shall, with simultaneous intimation to SSIL, take major

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policy decisions in respect of its assets and liabilities and its present capital structure.

19. RATIFICATION

19.1. Except as provided in the Clauses above, SSIL shall accept all acts, deeds and things relating to the Transferor Undertaking, done and executed by and/or on behalf of FFL on and after the Appointed Date as acts, deeds and things done and executed by and/or on behalf of SSIL, as the case may be.

20. DIVIDEND, PROFIT, BONUS, RIGHT SHARES

20.1. At any time upto the Effective Date, save and except the dividend of Rs. 1.25/-i.e. 12.50% recommended at the meeting of the board held on 28th May, 2018, FFL shall not declare dividend, distribute profits, or issue or allot any right shares or bonus shares or any other security converting into equity shares or other share capital or obtain any other financial assistance converting into equity shares or other share capital, unless agreed to by the Board of Directors of SSIL.

**PART VII
GENERAL TERMS AND CONDITIONS**

21. APPLICATION TO ADJUDICATING BODY

21.1. FFL and SSIL shall, with all reasonable despatch, make applications/petitions (jointly, if permissible) under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Act to the relevant Adjudicating Body, for sanctioning of this Scheme and all matters ancillary or incidental

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thereto.

22. MODIFICATIONS, AMENDMENTS TO THE SCHEME

22.1. Upon prior approval from the Adjudicating Body, FFL and SSIL (by their respective Board of Directors) may assent from time to time on behalf of persons concerned to any modifications/amendments to this Scheme (including but not limited to the terms and conditions thereof) or any conditions or limitations which the relevant Adjudicating Body, or any authorities under the law may deem fit to approve or impose and to resolve any doubt or difficulties that may arise for carrying out this Scheme and to do and execute all such acts, deeds, matters and things necessary for putting the Scheme into effect.

22.2. For the purpose of giving effect of this Scheme or to any modifications or amendments, thereof, the Directors of FFL and SSIL, or any person authorised in that behalf by the concerned Board of Directors, may give and is/are authorised to give all such directions that are necessary or are desirable including directions for settling any doubts or difficulties that may arise.

23. CONDITIONALITY OF THE SCHEME

23.1. Unless otherwise decided by the Board of FFL and SSIL, this Scheme is specifically conditional upon and subject to:

23.1.1. the approval of the Scheme by the requisite majority of the respective members and such class of persons of FFL and SSIL, as required in terms of the applicable provisions of the relevant Act as well as any requirements that may be stipulated by the relevant Adjudicating Body in this respect;

23.1.2. in addition to the requirement stipulated under Clause 23.1.1 of this Scheme, in case of FFL, the requisite resolution with respect

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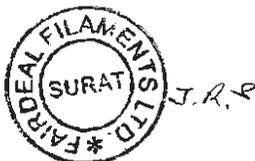


to this Scheme, shall be passed through e-voting, after disclosure of all material facts in the explanatory statement (including the applicable information pertaining to SSIL in the format specified for abridged prospectus as provided in Part D of Schedule VIII of the ICDR Regulations), in the explanatory statement or notice or proposal accompanying resolution to be passed sent to the shareholders while seeking approval of the scheme whereby the votes cast by the public shareholders of FFL in favour of the proposal relating to the Scheme are more than the number of votes cast by the public shareholders of FFL against it as per the requirement under the SEBI Circulars

- 23.1.3. sanction of the relevant Adjudicating Body, being obtained under Sections 230 to 232 read with Section 66 of the Companies Act, 2013, and other applicable provisions of the Act, if so required on behalf of FFL and SSIL;
- 23.1.4. the necessary certified copies of the order under Sections 230 to 232 of the Act, and other applicable provisions of the Act are duly filed with the Registrar of Companies;
- 23.1.5. approval of the Government of India and/ or Reserve Bank of India and/ or Securities and Exchange Board of India, if required and the consent of the BSE Limited where such approval or consent is necessary; and
- 23.1.6. all other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

24. EFFECTIVE DATE OF THE SCHEME

- 24.1. The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the Adjudicating Body and/or by the Board of Directors in terms of Clause 23 shall although be operative from the Effective Date but



shall be deemed to be retrospectively effective from the Appointed Date in accordance with the provisions of Section 232 (6) of the Act.

25. REVOCATION OF THE SCHEME

25.1. In the event of any of the said sanction and approval referred to in the preceding Clauses 23 above not being obtained and/or the Scheme not being sanctioned by applicable Adjudicating Body and/or the Order(s) not being passed as aforesaid within eighteen (18) months from the date of filing of the Company Application with the relevant Adjudicating Body, or within such further period(s) as may be agreed upon from time to time between FFL and SSIL (through their respective Board of Directors), this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* between FFL and SSIL, or their respective shareholders or employees or any other persons, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, obligation and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in this Scheme and or otherwise arise as per law. For the purpose of giving full effect to this Scheme, the respective Board of Directors of FFL and SSIL, are hereby empowered and authorised to agree to and extend the aforesaid period from time to time without any limitations in exercise of their power through and by their respective delegates.

25.2. The Board of Directors of FFL and SSIL, shall be entitled to revoke, cancel and declare the Scheme of no effect if such Boards of Directors of FFL and SSIL are of the view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the drawn up/ certified/ authenticated orders with any authority could have adverse implication on both/ any of the

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companies or in case any condition or alteration imposed by the relevant Adjudicating Body or any other authority is not on terms acceptable to them.

25.3. If any part of this Scheme hereof is invalid, ruled illegal by any court of competent jurisdiction or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of the Scheme and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such part.

26. COSTS, CHARGES AND EXPENSES CONNECTED WITH THE SCHEME

26.1. All costs, charges, taxes including duties, levies and all other expenses of FFL and SSIL in relation to or in connection with or incidental to this Scheme shall be borne by SSIL.

For FAIRDEAL FILAMENTS LTD.



Authorised Signatory/Director



Annexure B

A copy of the latest un-audited financial statement of the Applicant Company as on September 30, 2018

FAIRDEAL FILAMENTS LIMITED

BALANCE SHEET AS AT 30th Sept, 2018

PARTICULARS	Note	As at Sept 30, 2018	As at Sept 30, 2017	As at March 31, 2018
I ASSETS				
(1) Non Current Assets				
(a) Property, plant and equipment	1	1,681.77	1,829.82	1,768.92
(b) Capital Work in Progress	1	-	42.88	-
(c) Intangible Asset	1	11.28	7.31	11.92
(d) Financial assets				
i) Investments	2	195.38	195.38	195.38
ii) Other financial assets	3	81.03	57.50	84.09
(e) Other non-current assets	4	143.51	137.59	142.36
Total non-current assets		2,112.97	2,270.48	2,202.68
(2) Current assets				
(a) Inventories	5	794.70	664.67	714.54
(b) Financial assets				
i) Trade receivables	6	4,682.46	4,018.86	3,989.33
ii) Cash and cash equivalents	7	18.13	17.30	18.74
iii) Bank balance other than (ii) above	7.1	32.10	25.68	26.13
iv) Loans		-	-	-
v) Others financial assets		-	-	-
(c) Current tax assets (net)		-	-	-
(d) Other current assets	8	477.10	324.94	302.92
Total current assets		6,004.49	5,051.45	5,051.67
TOTAL ASSETS		8,117.47	7,321.92	7,254.35
II EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	9	605.00	605.00	605.00
(b) Other equity	10	1,454.43	1,315.24	1,444.64
Total equity		2,059.43	1,920.24	2,049.64
LIABILITIES				
(1) Non-current liabilities				
(a) Financial liabilities				
i) Borrowings	11	1,096.38	1,322.77	1,202.76
ii) Other financial liabilities		-	-	-
(b) Provisions		-	-	-
(c) Deferred tax liabilities (net)	12	46.22	71.49	57.86
(d) Other non current liabilities	13	111.20	113.61	112.40
Total non-current liabilities		1,253.80	1,507.87	1,373.02
(2) Current liabilities				
(a) Financial liabilities				
i) Borrowings	14	3,396.32	2,959.00	3,204.93
ii) Trade payables	15	852.46	397.93	202.81
iii) Other financial liabilities	16	262.18	254.79	253.94
(b) Other current liabilities	17	156.34	153.92	120.65
(c) Provisions	18	102.54	101.70	21.96
(d) Current tax Liabilities (net)		34.40	26.47	27.39
Total current liabilities		4,804.25	3,893.81	3,831.68
TOTAL EQUITY AND LIABILITIES		8,117.47	7,321.92	7,254.35

TRUE EXTRACTS OF BOOKS
UNAUDITED FIGURES

FOR RANGOONWALA ASSOCIATES
CHARTERED ACCOUNTANTS

G. T. Rangoonwala
G. T. RANGOONWALA
(PROPRIETOR)

18/12/2018



FAIRDEAL FILAMENTS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 30th September, 2018

(₹ In Lacs)

PARTICULARS	Note	30-09-2018	30-06-2017	2017-18
INCOME				
<u>Revenue from Operations</u>				
Revenue from Operations	19	11,334.56	9,782.77	21,866.32
Other Income	20	3.12	2.95	6.40
Total Income		11,337.68	9,785.72	21,872.71
EXPENSES:				
Cost of Material Consumed	21	2,029.21	2,121.25	3,448.26
Purchases of Stock In Trade		8,016.38	6,418.82	15,666.82
Changes in Inventories of Finished Goods, Stock In Trade and Work-in-Progress	22	(183.23)	(208.56)	(146.40)
Employee Benefits Expense	23	374.10	384.11	749.69
Finance Costs	24	245.82	243.17	416.46
Depreciation and Amortisation Expense	25	125.23	123.15	265.57
Other Expenses	26	604.20	625.71	1,206.53
Total Expenses		11,211.72	9,707.65	21,606.92
Profit before exceptional and extraordinary items and tax		125.95	78.06	265.80
Tax Expense:				
a. Current tax		30.99	19.39	90.28
b. Deferred Tax		(11.64)	(12.10)	(25.73)
		19.35	7.29	64.55
Profit after tax adjustment		106.60	70.77	201.25
Excess/(Short) provision for taxation in earlier year		(4.91)	-	-
Profit after Tax		101.69	70.77	201.25
Profit for the Period		101.69	70.77	201.25
Other Comprehensive Income		-	-	-
Total Comprehensive Income for the year		101.69	70.77	201.25
Earning per Equity Share:	27			
1. Basic		1.68	1.17	3.33
2. Diluted		1.68	1.17	3.33
Significant Accounting Policies				
Notes to Financial Statement	1 to 34			

TRUE EXTRACTS OF BOOKS
UNAUDITED FIGURES

FOR RANGOONWALA ASSOCIATES
CHARTERED ACCOUNTANTS

G. T. Rangoonwala
G. T. RANGOONWALA
(PROPRIETOR)

18/12/2018



FAIRDEAL FILAMENTS LIMITED
Notes to Financial Statements for the Year ended on 30th Sept, 2018

	As at Sept 30, 2018	As at Sept 30, 2017	As at March 31, 2018
2 NON CURRENT INVESTMENTS			
In Equity Shares of Companies -Unquoted fully paid up (Valued at cost)			
16000 (3200) Shares of Shahlon Silk Industries P. Ltd. (Refer Note 2.1)	22.40	22.40	22.40
750053 (755733) Shares of Fairdeal Textile Park Pvt.Ltd.*(Refer Note 1.3)	172.98	172.98	172.98
TOTAL	195.38	195.38	196.38

2.1 Bonus share has been received in Shahlon Silk Industries Pvt.Ltd.

	As at Sept 30, 2018	As at Sept 30, 2017	As at March 31, 2018
3 Other Financial assets			
Bank Deposits with more than 12 months maturity (Note 3.1)	0.00		0.36
Utility Deposits	81.03	57.50	83.73
TOTAL	81.03	57.50	84.09

3.1 Deposit of Rs. 0.21 lacs (Previous year Nil) against LC and Bank Gurantee margin

	As at Sept 30, 2018	As at Sept 30, 2017	As at March 31, 2018
4 OTHER NON CURRENT ASSETS (Unsecured and Considered Good)			
Keyman Insurance Premium	140.42	136.40	140.42
Pre-paid Expenses	3.09	1.19	1.94
TOTAL	143.51	137.59	142.36

	As at Sept 30, 2018	As at Sept 30, 2017	As at March 31, 2018
5 INVENTORIES			
Raw Materials	161.63	147.15	248.99
Work-in-progress;	106.25	65.49	31.23
Finished Goods	362.26	239.45	301.51
Stock In Trade	78.91	121.41	31.45
Consumable stores and spares, etc.	85.66	91.16	101.37
TOTAL	794.70	664.665	714.54

	As at Sept 30, 2018	As at Sept 30, 2017	As at March 31, 2018
6 TRADE RECEIVABLES (Unsecured and Considered Good)			
Trade Receivables	4682.46	4,018.86	3989.33
TOTAL	4682.46	4,018.86	3989.33



TRUE EXTRACTS OF BOOKS
UNAUDITED FIGURES
FOR RANGOONWALA ASSOCIATES
CHARTERED ACCOUNTANTS

G. T. Rangoonwala
G. T. RANGOONWALA
(PROPRIETOR)

18/12/2018

FAIRDEAL FILAMENTS LIMITED

	As at Sept 30, 2018	As at Sept 30, 2017	As at March 31, 2018
7 CASH AND CASH EQUIVALENTS			
Balance with Banks			
Current Account	0.32	0.13	0.11
Unpaid Dividend	14.25	13.40	14.25
Cash In hand	3.56	3.77	4.39
TOTAL	18.13	17.30	18.74

	As at Sept 30, 2018	As at Sept 30, 2017	As at March 31, 2018
7.1 OTHER BANK BALANCE			
Fixed Deposit with Bank (Note 7.1.1)	12.70	19.40	26.13
TOTAL	12.70	19.40	26.13

7.1.1 Deposit of Rs. 26.13 lacs (Previous year 24.11 lacs) against LC and Bank Gurantee margin

	As at Sept 30, 2018	As at Sept 30, 2017	As at March 31, 2018
8 OTHER CURRENT ASSETS (Unsecured and Considered Good)			
Balance with Revenue Authorities	112.18	123.27	102.45
Interest subsidy under TUF receivable (Refer Note 8.1)	122.54	100.82	120.28
Others (Refer Note 8.2)	242.37	100.84	80.19
TOTAL	477.10	324.94	302.92

8.1 The Interest subsidy claim amounting to Rs. 209.50 Lacs was submitted to Ministry of Textile through bank out of which amount of Rs. 88.14 Lacs has been provided in the books of accounts is pending to be received. Considering the prolonged process and resultant uncertainty, the company had discontinued accounting for further accrual of interest subsidy claim under TUF, following conservatism. However, during the reporting year, the company has provided for the amount of Rs.32.14 Lacs considering the same being received after the balance sheet date.

8.2 Others includes Loans and Advances given to employees amounting to 14.05 Lacs (Previous Year 13.35 Lacs) valued at the actual amount of outflow.

TRUE EXTRACT OF BOOKS
UNAUDITED FIGURES
FOR RANGOONWALA ASSOCIATES
CHARTERED ACCOUNTANTS

G. T. Rangoonwala
G. T. RANGOONWALA
(PROPRIETOR)

18/12/2018



FAIRDEAL FILAMENTS LIMITED

1. PROPERTY, PLANT & EQUIPMENT

SR. NO.	PARTICULARS	GROSS BLOCK			AS ON 30.09.2018	DEPRECIATION				NET BLOCK		
		AS ON 01.04.2017	ADDITION	ADJUSTMENT		UP TO 31.03.2018	DURING 30.09.2018	RETAINED EARNING	ADJUSTMENT	TOTAL 30.09.2018	AS ON 30.09.2018	AS ON 31.03.2018
TANGIBLE ASSETS:												
1	LAND	1,43,13,074	-	-	1,43,13,074	-	-	-	-	-	1,43,13,074	1,43,13,074
2	FACTORY BUILDING	5,88,58,032	-	-	5,88,58,032	2,51,26,052	19,90,715	-	-	2,81,16,766	3,07,41,265	3,27,31,980
3	PLANT & MACHINERY	15,20,25,514	18,41,245	-	15,38,66,758	10,86,52,966	34,31,666	-	-	11,20,84,635	4,17,82,124	4,33,72,545
4	OFFICE EQUIPMENT	55,13,151	10,750	-	55,23,901	44,74,427	1,99,649	-	-	46,74,076	8,49,825	10,36,724
5	COMPUTER	1,20,29,254	1,84,560	-	1,22,13,814	1,15,87,478	84,403	-	-	1,16,71,981	5,41,933	4,41,776
6	VEHICLES	1,22,00,390	16,97,797	-	1,38,98,187	52,68,316	7,10,516	-	-	59,78,832	79,19,355	69,32,074
7	FURNITURE & FIXTURE	43,13,048	-	-	43,13,048	34,21,969	49,480	-	-	34,71,449	8,41,599	8,91,079
8	BEAM PIPE	54,92,519	99,000	-	55,91,519	48,57,647	1,48,074	-	-	50,05,721	5,85,798	6,34,872
9	OFFICE BUILDING	15,02,994	-	-	15,02,994	5,46,123	11,920	-	-	5,58,043	9,44,951	9,56,871
10	ELECTRICAL INSTALATION	2,18,501	-	-	2,18,501	2,07,413	879	-	-	2,08,292	10,209	11,088
11	PLANT & MACHINERY Under TUF	16,78,24,947	-	-	16,78,24,947	9,74,64,038	54,48,783	-	-	10,29,12,821	6,49,12,127	7,03,50,910
12	WIND MILL	3,72,67,650	-	-	3,72,67,650	3,20,60,438	4,72,544	-	-	3,25,32,982	47,34,688	52,07,212
INTANGIBLE ASSETS:												
13	Software	13,33,799	-	-	13,33,799	1,41,996	63,407	-	-	2,05,403	11,28,396	11,91,904
		47,28,92,872	38,33,352	-	47,67,26,224	29,48,08,864	1,26,12,036	-	-	30,74,20,900	16,93,05,324	17,80,94,008
	PREVIOUS YEAR	46,04,47,658	1,49,65,674	25,40,459	47,28,92,872	26,84,20,777	2,67,71,090	-	3,83,003	29,48,08,864	17,80,84,008	19,20,26,881

TRUE EXTRACTS OF BOOKS
UNAUDITED FIGURES

FOR RANGOONWALA ASSOCIATES
CHARTERED ACCOUNTANTS



G. T. RANGOONWALA
(PROPRIETOR)

18/12/2018

FAIRDEAL FILAMENTS LIMITED

Notes to Financial Statements for the Year ended on 30th Sept, 2018

PARTICULARS	As at Sept 30, 2018		As at Sept 30, 2017	As at March 31, 2018	
	No of Shares	AMT		No of Shares	AMT
9 SHARE CAPITAL					
AUTHORISED :					
Equity Share of Rs. 10/- each.	2,00,00,000	2000.00	2000.00	2,00,00,000	2,000.00
ISSUED, SUBSCRIBED & PAID UP :					
Equity Shares of Rs. 10/- each fully paid up	60,50,000	605.00	605.00	60,50,000	605.00

9.1 RECONCILIATION OF EQUITY SHARES

Particulars	As at Sept 30, 2018	As at Sept 30, 2017	As at March 31, 2018
	No. of Shares	(Number)	No. of Shares
Equity Shares outstanding at the beginning of the year	60.50	60.50	60.50
Equity Shares issued during the year	0.00	0.00	0.00
Equity Shares bought back during the year	-	-	-
Any other movement (please specify)	-	-	-
Equity Shares outstanding at the end of the year	60.50	60.50	60.50

9.2 The details of Shareholders holding more than 5% shares

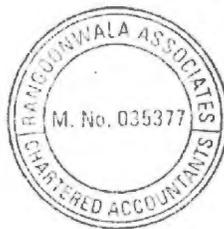
Name of the Shareholders	As at Sept 30, 2018		As at Sept 30, 2017		As at March 31, 2018	
	No. of Shares	% held	No. of Shares	% held	No. of Shares	% held
Mahesh Khetshi Gosrani	4,00,000	6.61	4,22,400	6.98	4,00,000	6.61
Aatur Harshad Mehta	7,25,000	11.98			7,25,000.00	11.98
Sanalkumar Kizhepata Menon	7,20,975	11.92			7,20,975.00	11.92

TRUE EXTRACTS OF BOOKS
UNAUDITED FIGURES
FOR RANGOONWALA ASSOCIATES
CHARTERED ACCOUNTANTS

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G. T. RANGOONWALA
(PROPRIETOR)

18/12/2018



FAIRDEAL FILAMENTS LIMITED
Notes to Financial Statements for the Year ended on 30th June, 2018

10 OTHER EQUITY	As at Sept 30,2018	As at Sept 30,2017	As at March 31, 2018
General Reserve			
As Per Last Balance Sheet	28.70	28.70	28.70
Add : Transferred from Profit & Loss Account	-	-	-
	28.70	28.70	28.70
Security Premium Reserve			
As per Last Balance Sheet	310.86	310.86	310.86
Less : Transfer to Share capital on account of Issue of Bonus shares.	-	0.00	-
	310.86	310.86	310.86
Retained Earnings			
As per Last Balance Sheet	972.42	771.17	771.17
Add: Profit for the year	101.69	70.77	201.25
	1074.11	841.94	972.42
Less: Appropriations			
Transferred to General Reserve	-	-	-
Proposed Dividend on Equity Shares	75.63	-	-
Tax on Dividend	15.40	-	-
	91.02	0.00	-
	983.09	841.94	972.42
Revaluation Reserve			
As Per Last Balance Sheet	132.66	134.81	134.81
Less : Transferred to Profit and Loss Account	0.89	1.08	2.15
Less: Reversal of Revaluation on Assets Retired	-	0.00	-
	131.78	133.73	132.66
	0.00	0.00	0.00
Other Comprehensive Income (OCI)			
As Per Last Balance Sheet	-	-	-
Add : Movement In OCI during the year	-	-	-
	0.00	0.00	0.00
TOTAL	1,454.43	1,315.24	1,444.64

10.1 The Board of Directors have recommended dividend of Rs. 1.25 per fully paid up equity share of Rs. 10/- each, aggregating to Rs. 75.63 lacs and tax on dividend of Rs. 15.40 lacs for the financial year 2017-18, which is based on relevant share capital as on March 31, 2018. Dividend declared by the company after the reporting period and tax on proposed dividend is not recognized as liability at the end of the reporting period in accordance with para 13 of Ind As 10.



TRUE EXTRACTS OF BOOKS
UNAUDITED FIGURES

FOR RANGOONWALA ASSOCIATES
CHARTERED ACCOUNTANTS

G. T. Rangoonwala
G. T. RANGOONWALA
(PROPRIETOR)

18/12/2018

FAIRDEAL FILAMENTS LIMITED

Notes to Financial Statements for the Year ended on 30th Sept, 2018

Financial Liabilities	As at Sept 30, 2018		As at Sept 30, 2017		As at March 31, 2018	
	Non Current	Current *	Non Current	Current *	Non Current	Current *
11 BORROWING						
Secured - At amortised cost						
a. Term Loan						
Bank of Baroda (Refer Note no. 11.2.a)	259.50	82.08	341.58	84.83	300.54	82.08
Bank of Baroda - Vehicle Loan (Refer Note no. 11.2.b)	9.02	4.88	-	-	-	-
HDFC Bank Ltd. (Refer Note no. 11.2.b)	12.51	11.27	23.49	13.24	16.89	13.50
Kotak Mahindra Bank Ltd. (Refer Note no. 11.2.b)	1.89	2.09	4.83	2.96	3.00	3.27
Kotak Mahindra Prime Ltd. (Refer Note no. 11.2.b)	0.26	1.67	2.08	2.96	0.24	3.26
b. Corporate Loan						
From Bank of Baroda (Refer Note no. 11.2.a)	779.40	137.40	916.80	137.40	848.10	137.40
	1,062.38	240.29	1,288.77	241.39	1,168.76	239.52
Unsecured - At amortised cost						
a. Inter Corporate Deposit from Company	-	-	-	-	-	-
b. LIC of India	34.00	-	34.00	-	34.00	-
	34.00	-	34.00	-	34.00	-
TOTAL	1096.38	240.29	1322.7707	241.3900	1,202.76	239.52

11.1 Maturity Profile of Secured Term loans are set out below :

	Maturity Profile		Non Current	Current Total
	6-10 Years	2-5 Years		
Term Loan from Banks	192.07	870.31	1,062.38	240.29

11.2 Security Details of Secured Loan

a. Secured by Hypothecation of raw materials, stock-in-process, finished goods, books 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. Facility further secured by equitable mortgage of 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 Wind mill situated at Village: Suthari, Taluka: Abdasa, Dist: Kutch.

b. Secured against hypothecation of Vehicles

* Refer Note no. 16 for Current maturities of Long Term Debt

12 DEFERRED TAX LIABILITY (NET)	As at Sept 30, 2018		As at Sept 30, 2017		As at March 31, 2018	
Deferred Tax Asset						
a. Unabsorbed Depreciation	-	-	-	-	-	-
b. Disallowance under Income Tax	-	-	-	-	1.33	-
i. Provision for bonus	0.00	-	-	-	1.14	-
ii. Provision for leave	1.19	-	1.45	-	4.80	-
iii. Provision for gratuity	2.02	-	1.85	-	-	-
		3.20		3.30		7.26
Deferred Tax Liability						
a. Block of Assets		49.42		74.79		65.12
TOTAL		46.22		71.49		57.86

13 OTHER NON CURRENT LIABILITIES	As at Sept 30, 2018		As at Sept 30, 2017		As at March 31, 2018	
Capital Subsidy						
As per Last Balance Sheet	112.40	-	114.82	-	114.82	-
Add: Capital Subsidy	-	-	-	-	-	-
Less :Proportionate Capital Subsidy transfer to Profit & Loss A/c.	1.21	111.20	1.21	113.61	2.41	112.40
TOTAL		111.20		113.61		112.40



TRUE EXTRACTS OF BOOKS
UNAUDITED FIGURES
FOR RANGOONWALA ASSOCIATES
CHARTERED ACCOUNTANTS

G. T. RANGOONWALA
(PROPRIETOR)

18/12/2018

FAIRDEAL FILAMENTS LIMITED
Notes to Financial Statements for the Year ended on 30th Sept, 2018

	As at Sept 30, 2018	As at Sept 30, 2017	As at March 31, 2018
14 SHORT TERM BORROWING			
Secured - At amortised cost			
a. Working Capital Loans From Banks			
i. Rupee Loan (Refer Note 14.1)	2600.18	2,223.63	2,311.10
ii. Foreign Bills under LC Discounting (Refer Note 14.1)	0.00		105.26
	2,600.18	2,223.63	2,416.36
Unsecured - At amortised cost			
a. Short Term Loan from ICICI Bank Ltd. (Under Channel Financing)	796.14	735.38	788.58
TOTAL	3,396.32	2959.0027	3,204.93

14.1 Security details for secured Loan

Secured by Hypothecation of raw materials, stock-in-process, finished goods, books 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. Facility further secured by equitable mortgage of 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, Dawar Chambers, Ring Road, Surat and hypothecation of Wind mill situated at Village: Suthari, Taluka: Abdasa, Dist: Kutch.

	As at Sept 30, 2018	As at Sept 30, 2017	As at March 31, 2018
15 TRADE PAYABLES			
a. For goods & other purchases	805.70	317.46	1,009.98
b. For expenses	46.77	80.47	22.83
TOTAL	852.46	397.92587	202.81

	As at Sept 30, 2018	As at Sept 30, 2017	As at March 31, 2018
16 OTHER FINANCIAL LIABILITIES			
Current Maturities of long term debts (Refer Note 11)	240.29	241.39	239.52
Interest accrued but not due on borrowings	7.64		0.18
Unclaimed Dividend	14.25	13.40	14.25
TOTAL	262.18	254.79	253.94

	As at Sept 30, 2018	As at Sept 30, 2017	As at March 31, 2018
17 OTHER CURRENT LIABILITIES			
Employees benefits payables	57.75	57.80	44.83
Advance from Customers	7.35	6.26	3.31
Expenses Payable	81.32	76.67	59.52
Duties & Taxes	9.92	13.20	12.98
TOTAL	156.34	153.92	120.66

	As at Sept 30, 2018	As at Sept 30, 2017	As at March 31, 2018
18 PROVISIONS - CURRENT			
Proposed dividend	75.63	75.63	0.00
Tax on Dividend	15.40	15.40	0.00
Provision for earned Leave	4.27	4.68	3.45
Provision for earned Bonus	0.00	0.00	4.01
Provision for gratuity (Refer note no. 18.1)	7.25	6.00	14.50
TOTAL	102.54	101.70	21.96

18.1 The Liability as on 31st March, 2016 does not exceed the amount already provided for, hence no provision is made in the year ended on 31st March, 2016.



TRUE EXTRACTS OF BOOKS
UNAUDITED FIGURES
FOR RANGOONWALA ASSOCIATES
CHARTERED ACCOUNTANTS

G. T. Rangoonwala
G. T. RANGOONWALA
(PROPRIETOR)

18/12/2018

FAIRDEAL FILAMENTS LIMITED

Notes to Financial Statements for the Period ended 30th Sept, 2018

(₹ In Lacs)

	30-09-2018	As at Sept 30,2017	2017-18
19 REVENUE FROM OPERATIONS			
Sales of Product	11,024.80	9,766.20	23,632.55
Sales of Service	201.61	86.69	264.27
Less: Excise Duty	-	22.67	22.67
Less: Value Added Tax	-	160.29	160.29
Less: GST	-	-	2,033.01
Net Sales	11226.41	9669.94	21680.85
Other Operating Income			
Sale of Power/Windmill Energy (Captive Consumption)	49.86	35.50	52.95
Commission Income Net	44.52	45.48	82.22
Export Incentives	2.13	14.64	18.48
Profit/(Loss) from Currency Swap/Option Contract/Exchange variance	3.85	5.64	7.53
Other Operating Income	5.53	7.84	14.85
Proportionate Capital Subsidy on Plant Machinery	1.21	1.21	2.41
Profit/(Loss) on sale of assets / Investment	-	2.40	2.55
Sundry Balances written up	1.06	0.12	4.47
	108.15	112.83	185.46
TOTAL	11334.56	9782.77	21866.32

19.1 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

19.2 GST Pertaining to Other Operating Income amounts to Rs. 30.30 Lacs.

(₹ In Lacs)

	30-09-2018	As at Sept 30,2017	2017-18
20 OTHER INCOME			
Interest	3.12	2.95	6.40
TOTAL	3.12	2.95	6.40

(₹ In Lacs)

	30-09-2018		As at Sept 30,2017		2017-18	
	% of consumption				% of consumption	
21 CONSUMPTION OF RAW MATERIALS						
Imported	0.00%	0.00	0.10%	2.17	3.51%	120.97
Indigenous	100.00%	2029.21	99.90%	2119.08	96.49%	3327.29
TOTAL	100.00%	2029.21	100.00%	2121.25	100.00%	3448.26

(₹ In Lacs)

	30-09-2018	As at Sept 30,2017	2017-18
21.1			
Opening Stock	248.99	230.26	248.99
Purchases Indigenous	1941.86	1970.18	3298.05
Purchases Import	0.00	67.97	150.21
	2190.84	2268.41	3697.24
Less: Closing Stock	161.63	147.15	248.99
TOTAL	2029.21	2121.25	3448.26
21.2 Particulars of Material Consumed			
Particulars	30-09-2018	As at Sept 30,2017	2017-18
Yarn	2029.21	2121.25	3448.26

TRUE EXTRACTS OF BOOK
UNAUDITED FIGURES

FOR RANGOONWALA ASSOCIATES
CHARTERED ACCOUNTANTS

G. T. RANGOONWALA
(PROPRIETOR)

18/12/2018



FAIRDEAL FILAMENTS LIMITED

Notes to Financial Statements for the Period ended 30th Sept, 2018

(₹ In Lacs)

22 CHANGES IN FINISHED GOODS, STOCK-IN- TRADE AND WORKIN- PROGRESS	30-09-2018		As at Sept 30,2017		2017-18	
	Opening Stock					
Finished Goods/Stock-in-Trade	332.96		198.56		198.56	
Workin- Progress	31.23	364.19	19.23	217.79	19.23	217.79
Less:						
Closing Stock						
Finished Goods/Stock-in-Trade	441.17		360.86		332.96	
Workin- Progress	106.25	547.41	65.49	426.35	31.23	364.19
TOTAL		(183.23)		-208.56		(146.40)

(₹ In Lacs)

23 EMPLOYEE BENEFITS EXPENSE	30-09-2018		As at Sept 30,2017		2017-18	
	Salary, Wages, Bonus & Benefits		343.11		352.16	
Contribution to Provident fund & expenses		13.86		19.22	-	36.35
Group Gratuity Expenses		7.38		6.73		18.61
Staff Welfare Expenses		9.75		6.00		14.06
TOTAL		374.10		384.11		749.69

TRUE EXTRACTS OF BOOKS
UNAUDITE FIGURES

FOR RANGOONWALA ASSOCIATES
CHARTERED ACCOUNTANTS

G. T. Rangoonwala

G. T. RANGOONWALA
(PROPRIETOR)

18/12/2018



FAIRDEAL FILAMENTS LIMITED
Notes to Financial Statements for the Period ended 30th Sept, 2018

(₹ in Lacs)

	30-09-2018	As at Sept 30, 2017	2017-18
24 FINANCE COST			
Term Loan Interest	58.88	10.96	49.56
Interest to Others	10.73	6.92	12.95
Working Capital Interest	124.53	153.69	244.50
Bill Discount Charges	41.31	32.00	65.86
Bank Charges	10.37	39.60	43.60
TOTAL	245.82	243.17	416.46

(₹ in Lacs)

	30-09-2018	As at Sept 30, 2017	2017-18
25 DEPRECIATION AND AMORTISATION EXPENSE			
Depreciation for the period	126.12	124.22	267.71
Less: Depreciation withdrawn from Revaluation Reserve	0.89	1.08	2.15
TOTAL	125.23	123.15	265.57

(₹ in Lacs)

	30-09-2018	As at Sept 30, 2017	2017-18
26 OTHER EXPENSES			
Manufacturing Expenses			
Job Charges	4.73	6.40	11.64
Leave & License Agreement	0.04	0.05	0.10
Lising Charges	2.55	3.60	6.09
Power and Fuel	232.86	239.30	458.65
Consumption of stores (inc. packing and chemical materials)	188.34	199.48	373.48
Repairs to Machinery	20.62	14.15	33.05
Building Repairs	8.13	5.71	18.21
Factory Expenses	17.23	13.52	28.24
Wind Mill Expenses	6.06	5.46	11.13
TOTAL	480.56	487.67	940.58
Wind Mill expenses			
Lease Rent	0.05	(0.00)	0.02
Insurance Exp.	0.14	0.18	0.37
Repairs & Maintenance Charges	5.87	5.28	10.74
TOTAL	6.06	5.46	11.13
Transfer to Manufacturing Exp.	6.06	5.46	11.13
Administrative & Other Expenses			
Insurance	3.92	3.60	8.29
Printing and Stationary	2.71	3.05	4.45
Postage & Telephone	3.56	5.41	9.85
Electrical Expenses	2.76	2.99	5.42
Tours Travelling & Conveyance	8.67	6.15	18.97
Directors' Remuneration	48.22	42.22	84.43
Director's Fees	1.25	1.23	2.23
Legal and Professional Charges	18.85	11.43	28.27
Audit Fees	1.75	1.75	3.50
Sundry Expenses	2.17	3.84	8.83
Computer Charge	3.31	3.11	6.10
Donation	0.11	-	10.27
Repairs & Maint. to Furniture & Office Equip.	2.05	1.11	2.42
Office Rent	0.70	9.54	14.04
TOTAL	100.03	95.44	207.07
Selling & Distribution Expenses			
Brokerage	21.73	20.83	41.87
Advertisement and Sales Promotion	1.29	1.28	1.65
Freight	0.16	19.79	14.18
Vehicle Repairs & Maintenance	0.43	0.71	1.18
TOTAL	23.61	42.61	58.88
TOTAL	604.20	625.71	1206.53



TRUE EXTRACTS OF BOOK
UNAUDITE FIGURES.

FOR RANGOONWALA ASSOCIATES
CHARTERED ACCOUNTANTS

Ketapian
G. T. RANGOONWALA
(PROPRIETOR)

18/12/2018

Annexure C

A copy of the latest un-audited financial statement of the Transferee Company as on September 30, 2018

RASESH SHAH & ASSOCIATES

CHARTERED ACCOUNTANTS

**O-1, SILVERPALM BUILDING,
TIMALYAWAD, NANPURA,
SURAT - 395001**

Provisional Balance Sheet

As at 30.09.2018

NAME : SHABLON SILK INDUSTRIES LTD.

SHAHN SILK INDUSTRIES LTD.
PROVISIONAL BALANCE SHEET AS AT 30/09/2018

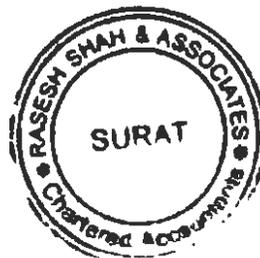
PARTICULARS		Note No.	As at September 30,2018	As at March 31,2018
I. ASSETS				
(1) NON-CURRENT ASSETS				
	(a) Property, Plant and Equipment	1	10,547.89	11,081.22
	(b) Capital Work in Progress	1	321.86	209.31
	(c) Intangible Assets	1	29.42	32.69
	(d) Intangible Assets under Development	1	-	-
	(e) Financial Assets			
	(i) Investments	2	345.05	345.05
	(ii) Other Financial Assets	3	248.07	239.09
	(f) Other Non-Current Assets	4	209.82	174.36
	Total Non-Current Assets		11,702.10	12,081.72
(2) CURRENT ASSETS				
	(a) Inventories	5	4,655.64	4,429.31
	(b) Financial Assets			
	(i) Trade Receivables	6	6,938.23	6,355.13
	(ii) Cash & Cash Equivalents	7	18.92	18.03
	(iii) Bank Balance other than (ii) above	8	2.69	5.21
	(iv) Loans		-	-
	(v) Other Financial Assets		-	-
	(c) Current Tax Assets (Net)		(14.80)	12.80
	(d) Other Current Assets	9	1,014.14	1,018.77
	Total Current Assets		12,614.83	11,839.24
	TOTAL ASSETS		24,316.93	23,920.96
II. EQUITY AND LIABILITIES				
(1) EQUITY				
	(a) Equity Share Capital	10	1,115.23	1,115.23
	(b) Other Equity	11	5,610.64	5,524.78
	Total Equity		6,725.87	6,640.01
LIABILITIES				
(2) NON-CURRENT LIABILITIES				
	(a) Financial Liabilities			
	(i) Borrowings	12	5,535.34	7,943.93
	(ii) Other Financial Liabilities		-	-
	(b) Provisions		-	-
	(c) Deferred Tax Liabilities (Net)	13	95.76	50.61
	(d) Other Non Current Liabilities	14	98.43	98.43
	Total Non-Current Liabilities		5,729.54	8,092.97
(3) CURRENT LIABILITIES				
	(a) Financial Liabilities			
	(i) Borrowings	15	6,673.57	6,662.25
	(ii) Trade Payables	16	3,676.59	944.72
	(iii) Other Financial Liabilities		-	-
	(b) Other Current Liabilities	17	1,511.36	1,581.01
	(c) Provisions		-	-
	(d) Current Tax Liabilities (Net)		-	-
	Total Current Liabilities		11,861.52	9,187.98
	TOTAL EQUITY AND LIABILITIES		24,316.93	23,920.96



SHAHN SILK INDUSTRIES LTD.
PROVISIONAL PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON 30/09/2018

(₹ in lacs)

PARTICULARS	Note No.	2018-19	2017-18
I. INCOME			
Revenue from Operations			
Revenue From Operation	18	15,139.32	31,780.11
Other Income	18	1.20	42.31
Total Revenue		15,140.52	31,822.42
II. EXPENSES			
Cost of Materials Consumed	19	8,102.47	13,856.02
Purchase of Stock-in-trade		2,721.66	8,660.90
Change in Inventories of Finished Goods, Stock-in-trade & Work-in-progress	20	(617.96)	(560.09)
Employee Benefits Expenses	21	1,351.26	2,500.22
Finance Costs	22	712.02	1,275.68
Depreciation and Amortisation Expense	23	553.20	1,209.66
Other Expenses	24	2,133.19	4,628.55
Total Expenses		14,955.83	31,570.93
III. Profit before Exceptional and Extraordinary Items and Tax (I-II)		184.68	251.49
IV. Tax Expenses - Current Tax		37.65	51.28
- Excess provision/shortfall for taxation		-	6.00
- Deferred Tax		45.15	129.71
Profit for the Period		101.88	64.50
V. Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss		-	(0.63)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	(0.13)
(iii) Items that will be reclassified to profit or loss		-	-
(iv) Income tax relating to items that will be reclassified to profit or loss		-	-
Total Comprehensive Income for the year (Net of Tax)		-	(0.51)
VI. Total Comprehensive Income for the year		101.88	64.00
VII. Earnings Per Equity Sha			
(i) Basic	25	0.91	2.81
(ii) Diluted		0.91	2.81



SHAHLON SILK INDUSTRIES LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30.09.2018

(₹ in lacs)

1. PROPERTY, PLANT & EQUIPMENT

SR. NO.	PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK		
		As at 01.04.2018	Addition	Disposals	As at 30.09.2018	Upto 31.03.2018	For the Period	Deduct	Upto 30.09.2018	As At 30.09.2018	As At 31.03.2018
	TANGIBLE ASSETS:-										
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	1,949.64	-	-	1,949.64	-	-	-	-	1,949.64	1,949.64
3	Lease Hold Land Apparel Park (SEZ)	1,085.69	-	-	1,085.69	-	-	-	-	1,085.69	1,085.69
4	Building	3,408.40	18.45	-	3,426.86	1,294.10	116.40	-	1,410.50	2,016.36	2,114.51
5	Plant & Machinery	7,805.29	25.64	67.75	7,763.67	3,431.35	320.68	40.89	3,711.14	4,052.53	4,374.44
6	Wind Mill	2,037.63	-	-	2,037.63	678.23	91.32	-	769.55	1,268.08	1,359.39
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	128.43	4.97	0.005	133.39	101.49	5.18	0.005	106.66	26.73	26.94
10	Computer	91.23	1.77	-	93.00	76.01	3.33	-	79.34	13.66	15.22
11	Vehicles	263.52	1.64	-	265.16	157.26	16.65	-	173.91	91.25	106.26
12	Furniture & Fixtures	70.65	5.09	-	75.74	56.74	2.18	-	58.92	16.82	13.91
13	Beam Pipe	67.12	0.62	-	67.74	32.45	8.90	-	41.35	26.38	34.67
	SUB-TOTAL (A):-	16,912.29	58.17	67.75	16,902.71	5,831.07	564.65	40.89	6,354.82	10,547.89	11,081.22
	INTANGIBLE ASSETS:-										
1	Computer (Intangible)	73.18	1.30	-	74.48	40.49	4.58	-	45.07	29.41	32.69
	SUB-TOTAL (B):-	73.18	1.30	-	74.48	40.49	4.58	-	45.07	29.42	32.69
	GRAND TOTAL (A+B):-	16,985.47	59.47	67.75	16,977.19	5,871.56	569.22	40.89	6,399.89	10,577.30	11,113.91
	Last Year Detail (₹ in lacs)	16,091.64	928.15	34.32	16,985.47	4,655.77	1,245.67	29.88	5,871.56	11,113.91	11,435.87

Notes:

1.1 For properties pledge as securities Refer Note No. 12.

1.2 Depreciation on revalued portion of Fixed Assets calculated on written down method over balance useful life of assets, is transferred from revision reserve to the Profit & Loss Amounting to ₹ 16.02 lacs (P.Y. ₹ 36.00 lacs)

1.3 The company has acquired 99 years leasehold right of Plot No. Composite Unit 2, Plot Nos. 3, 4, 5/A & 15, Fairdeal Textile Park, Village: Mahavej, 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.



SHAHLON SILK INDUSTRIES LTD.

Provisional Notes to financial statement for the period ended 30TH SEPTEMBER, 2018

(₹ In lacs)

	As at 30/09/2018	As at 31/03/2018
2 NON CURRENT INVESTMENTS		
754794 (754794) Shares of Fairdeal Textile Park Pvt. Ltd. (Refer Note 1.3)	280.02	280.02
31500 (31500) Shares of Fairdeal Eco Infra Pvt. Ltd.	3.15	3.15
44280 (44280) Shares of The Cosmos Co-Op. Bank Ltd.	44.28	44.28
107000 (107000) Shares of Shahlon Textile Park Pvt.Ltd.	10.70	10.70
Capital Contribution of Shahlon Industries LLP	1.90	1.90
SBI Blue Chip Fund	5.00	5.00
TOTAL	345.05	345.05
3 OTHER FINANCIAL ASSETS		
Bank Deposits with more than 12 months maturity	52.23	52.23
Utility Deposits	168.21	167.46
Agency Deposits	27.64	19.40
TOTAL	248.07	239.09
4 OTHER NON CURRENT ASSETS (Unsecured and Considered Good)		
Keyman Insurance Premium	160.40	158.51
Prepaid Expenses	49.42	15.85
TOTAL	209.82	174.36
5 INVENTORIES		
Raw Materials	931.35	1,413.79
Work-in-progress	610.96	246.41
Finished Goods	2,652.89	2,404.04
Stock- in-trade	49.87	45.30
Consumable Stores etc.	410.57	319.77
TOTAL	4,655.64	4,429.31
6 TRADE RECEIVABLES (Unsecured and Considered Good)		
Trade Receivables	6,938.23	6,355.13
TOTAL	6,938.23	6,355.13



SHAHLON SILK INDUSTRIES LTD.

Provisional Notes to financial statement for the period ended 30TH SEPTEMBER, 2018

(' in lacs)

	As at 30/09/2018	As at 31/03/2018
7 CASH AND CASH EQUIVALENTS		
a) Balance with Banks in Current Accounts	14.00	11.09
b) Cash in Hand	4.92	6.94
TOTAL	18.92	18.03

	As at 30/09/2018	As at 31/03/2018
8 OTHER BANK BALANCE		
Fixed Deposit with scheduled Bank	2.69	5.21
TOTAL	2.69	5.21

	As at 30/09/2018	As at 31/03/2018
9 OTHER CURRENT ASSETS (Unsecured and Considered Good)		
VAT Receivables	12.42	12.42
Cenvat Availed	-	0.59
GST Receivables	302.77	222.52
Advances Against Goods	109.96	40.99
Interest Subsidy Receivables	61.18	80.82
Export Excise Rebate/GST Receivable	170.22	442.18
Others (Refer Note 9.1)	357.59	219.26
TOTAL	1,014.14	1,018.77

9.1 Others includes Loans and Advances given to employees amounting to ₹ 33.19 lacs (P.Y. ₹ 38.83 lacs) valued at the actual amount of outflow.

	As at 30/09/2018	As at 31/03/2018
10 EQUITY SHARE CAPITAL		
<u>Authorised</u>		
1,20,00,000 Equity Shares of ₹ 10/- each (P.Y. 1,20,00,000 Equity Shares of ₹ 10/- each)	1,200.00	1,200.00
TOTAL	1,200.00	1,200.00
<u>Issued, Subscribed and Fully Paid-up</u>		
1,11,52,250 Equity Shares of ₹ 10/- each (P.Y. 1,11,52,250 Equity Shares of ₹ 10/- each)	1,115.23	1,115.23
TOTAL	1,115.23	1,115.23



SHALON SILK INDUSTRIES LTD.

Provisional Notes to financial statement for the period ended 30TH SEPTEMBER, 2018

(₹ in lacs)

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

<u>Shareholders' Name</u>	<u>NO. OF SHARES</u>	<u>NO. OF SHARES</u>
Mahendra Raichand Shah		
I/W. Meena Mahendra Shah	11,24,475	11,24,475
% Holding	10.08	10.08
Jayantilal Raichand Shah		
I/W. Damyanti Jayantilal Shah	11,99,750	11,99,750
% Holding	10.76	10.76
Nitin Raichand Shah		
I/W. Minaxi Nitin Shah	15,61,700	15,61,700
% Holding	14.00	14.00
Dipan Jayantilal Shah		
I/W. Sonal Dipan Shah	9,06,810	9,06,810
% Holding	8.13	8.13
Dhīrajlal Raichand Shah		
I/W. Kanchan Dhīrajlal Shah	9,78,535	9,78,535
% Holding	8.77	8.77
Arvind Raichand Shah		
I/W. Avani Arvind Shah		
% Holding	6,62,735	6,62,735
	5.94	5.94

• A Reconciliation Statement of No. of Outstanding Shares

<u>PARTICULARS</u>	<u>As at 30/09/2018</u>	<u>As at 31/03/2018</u>
Equity Shares Outstanding at the beginning of the year	1,11,52,250	22,30,450
Equity Shares Issued during the year (Refer Note No. 10.2.a)	-	89,21,800
Equity Shares Bought-back during the year	-	-
Equity Shares Outstanding at the end of the year	1,11,52,250	1,11,52,250

	<u>As at 30/09/2018</u>	<u>As at 31/03/2018</u>
11. <u>OTHER EQUITY</u>		
<u>Capital Reserve on Amalgamation</u>		
Opening Balance	4,509.91	4,509.91
TOTAL (A)	4,509.91	4,509.91
<u>Securities Premium Reserve</u>		
Opening Balance	-	475.68
Add: Addition during the year	-	-
Less: Amount capitalised on Issue of Bonus Shares	-	(475.68)
TOTAL (B)	-	-
<u>Revaluation Reserve Account</u>		
Opening Balance	468.69	504.69
Add: Addition during the year	-	-
Less: Transfer to Profit and Loss A/C	(16.02)	(36.00)
Less: Reversal during the year	-	-
TOTAL (C)	452.67	468.69
<u>Retained Earnings</u>		
As per Last Balance Sheet	556.19	908.19
Add: Profit/(Loss) for the year	101.88	64.50
Less: Amount capitalised on Issue of Bonus Shares	-	(416.50)
TOTAL (D)	658.07	556.19
<u>Other Comprehensive Income (OCI)</u>		
As Per Last Balance Sheet	(10.01)	(9.51)
Add: Movement in OCI during the year	-	(0.51)
TOTAL (E)	(10.01)	(10.01)
TOTAL (A+B+C+D+E)	5,610.64	5,524.78



SHAHLON SILK INDUSTRIES LTD.

Provisional Notes to financial statement for the period ended 30TH SEPTEMBER, 2018

(₹ in lacs)

	As at 30/09/2018	As at 31/03/2018
12 FINANCIAL LIABILITIES		
BORROWING		
Secured - At amortised cost		
* (a) Term Loan		
The Cosmos Co-op. Bank Ltd. (Refer Note No. 12.2.a)	2,270.81	2,910.15
Buyer's Credit for Capital Goods (Refer Note No. 12.2.a)	-	-
Mortgage Loan from The Cosmos Co-op. Bank Ltd. (Refer Note No. 12.2.b)	971.36	941.92
* (b) Vehicle Loan		
Vehicle Loan (Refer Note No. 12.2.c)	38.76	27.00
TOTAL (A)	3,280.93	3,878.98
Unsecured - At amortised cost		
(a) From Company / Bank	993.10	1,390.34
(b) From Directors / Promoters and their relatives	1,261.31	2,674.61
TOTAL (B)	2,254.41	4,064.95
TOTAL (A+B)	5,535.34	7,943.93

12.1 Maturity Profile of Secured Term loans are set out below :

	Maturity Profile		
	5-10 Years	2-5 Years	Non Current Total
Long Term Secured Loan			
Long Term Unsecured Loan			

12.2 Security Details for secured loan

a)

Term Loans / Buyer's Credit facilities from The Cosmos Co-op. Bank Ltd. is secured by Hypothecation of Raw Materials, Stock-in-Process, Finished Goods, Book Debt, Plant and Machinery, 1.25 MW Windmill situated at Village: Bhogat, Taluka: Kalyanpur, Dist: Jamnagar, 0.6 MW Windmill situated at Village: Suhani, 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 Paliya, 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)

Mortgage Loan facility from The Cosmos Co-op. Bank Ltd. is secured by Equitable Mortgage of Industrial open Land situated at Plot No. 1, Block No. 75, Plot No. 2, Block No. 75, Plot No. 1/B, Block No. 76, Plot No. 1 to 13, Block No. 81, Plot No. 14 to 21, Block No. 81, Village: Karanj, Taluka: Mandvi, Dist: Surat AND the said facility further secured by Equitable Mortgage of Factory Land & Building situated at Block No. 297 & 298, Limodara Paliya, 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

c) Vehicle Loans are Secured by Hypothecation of Vehicles

* Secured / Unsecured Loans of ₹ 1,420.47 lacs Repayable/ redeemable within one year, which is shown in Other Current Liabilities under Current Maturities of Long Term Debts.

	As at 30/09/2018	As at 31/03/2018
13 DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liability/(Assets) on account of:		
Depreciation on Fixed Assets	96.67	195.67
Unabsorbed Depreciation	62.29	(75.09)
Provision for Bonus	(1.67)	(9.72)
Provision for Leave	(4.05)	(1.21)
Provision for Gratuity	(14.03)	(2.08)
MAT Credit Entitlement	(43.45)	(56.95)
Deferred Tax Liabilities(Net)	95.76	50.61

	As at 30/09/2018	As at 31/03/2018
14 OTHER NON CURRENT LIABILITIES		
<u>Capital Subsidy under TUF</u>		
Opening Balance	98.43	102.61
Add: Addition during the year	-	-
Less: Proportionate Capital Subsidy transferred to Profit and Loss Account	-	(4.18)
TOTAL	98.43	98.43



SHAHLON SILK INDUSTRIES LTD.

Provisional Notes to financial statement for the period ended 30TH SEPTEMBER, 2018

. (₹ in lacs)

		As at 30/09/2018	As at 31/03/2018
15	SHORT TERM BORROWING		
	Secured		
	<u>Working Capital Loan</u>		
	Cosmos Bank Rupee Loan (Refer Note No. 15.1.a)	5,331.14	4,635.28
	Cosmos Bank PCFC Loan (Refer Note No. 15.1.a)	354.00	752.91
	Foreign Bills under LC Discounting (Refer Note No. 15.1.b)	541.99	848.52
	Short Term Loan from State Bank of India (Under Channel Financing) (Refer Note No. 15.1.c)	446.44	425.54
	TOTAL	6,673.57	6,662.25

15.1 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 Paliya, 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., Khalodara, 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 State Bank of India is secured by hypothecation over receivables created out of working capital limit under e-DFS Scheme for Reliance agency business for Polymer & Polyester products.

		As at 30/09/2018	As at 31/03/2018
16	TRADE PAYABLES		
	Trade Payables	2,840.19	410.98
	Others	836.40	533.75
	TOTAL	3,676.59	944.72

16.1 None of the parties grouped under Trade Payables have declared themselves under Micro, Small and Medium Enterprises Development Act, 2006. The above information has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.

		As at 30/09/2018	As at 31/03/2018
17	OTHER CURRENT LIABILITIES		
	Advance From Customers	35.19	85.01
	Other Payables - Employees	18.49	10.67
	Current Maturities of Long Term Secured Loan	1,222.87	1,222.87
	Current Maturities of Long Term Unsecured Loan	197.61	197.61
	Statutory dues towards TDS/VAT/CST/Service Tax etc.	37.21	64.86
	TOTAL	1,511.36	1,581.01



SHAHLON SILK INDUSTRIES LTD.

Provisional Notes to financial statement for the period ended 30TH SEPTEMBER, 2018

(' in lacs)

	2018-19	2017-18
18 REVENUE FROM OPERATIONS		
<u>Sale of Products</u>	14,500.98	30,529.35
Add : Job Work Income	184.78	545.10
TOTAL (A)	14,685.76	31,074.45
<u>Other Operating Revenue</u>		
Sale of Power/Windmill Energy (Captive Consumption)	326.83	503.95
Profit/(Loss) on sale of Assets / Investment	0.24	20.32
Dividend	1.17	0.002
Other Operating Income	34.42	85.17
Proportionate Capital Subsidy on Plant & Machinery	-	4.18
Factory Shed Rent	1.57	3.00
Commission Income Net	48.77	17.83
Urban Trend Income	-	7.50
Income/(Loss) from Currency Swap / Exch. Variance	40.57	62.71
TOTAL (B)	453.55	705.66
<u>Other Income</u>		
Interest	1.20	42.31
TOTAL (C)	1.20	42.31
TOTAL (A+B+C)	15,140.52	31,822.42

18.1 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.

18.2 Under Previous GAAP, excise duty was netted off against sale of goods. However, under Ind AS, excise duty is included in sale of goods and is separately presented as expense on the face of Statement of Profit and Loss. Thus, sale of goods under Ind AS has increased with a corresponding increase in expenses.

	2018-19	2017-18
19 COST OF MATERIALS CONSUMED		
Raw Material Consumed (Indigenous)	8,102.47	13,687.21
Raw Material Consumed (Imported)	-	168.81
TOTAL	8,102.47	13,856.02

	2018-19	2017-18
19.1		
Opening Stock	1,413.79	1,015.50
Purchase Indigenous	7,620.04	14,076.92
Purchase Imported	-	177.38
	9,033.82	15,269.80
Less : Closing Stock	931.35	1,413.79
TOTAL	8,102.47	13,856.02

	2018-19	2017-18
20 Change in Inventories of Finished Goods, Stock-in-trade & Work-in-progress		
FINISHED GOODS		
<u>A. Opening Stock</u>		
WIP Goods	246.41	141.33
Finished Goods / Stock in Trade	2,449.34	1,994.33
TOTAL (A)	2,695.75	2,135.66
<u>B. Closing Stock</u>		
WIP Goods	610.96	246.41
Finished Goods / Stock in Trade	2,702.75	2,449.34
TOTAL (B)	3,313.72	2,695.75
(INCREASE)/DECREASE IN STOCK	(617.96)	(560.09)



SHAHLON SILK INDUSTRIES LTD.

Provisional Notes to financial statement for the period ended 30TH SEPTEMBER, 2018

('₹ in lacs)

		2018-19	2017-18
21	EMPLOYEE BENEFITS EXPENSES		
	Salaries, Wages and Bonus	1,264.81	2,305.72
	Contribution to Provident & Superannuation Fund	38.48	108.47
	Group Gratuity Premium Exp. (Refer Note No. 21.1)	20.00	35.92
	Staff Welfare Expenses	27.97	50.11
	TOTAL	1,351.26	2,500.22

		2018-19	2017-18
22	FINANCE COST		
	Bank Charges	10.36	36.64
	Term Loan Interest	115.01	193.51
	Working Capital Interest	339.17	600.92
	Interest on Unsecured Loan	223.11	382.08
	Interest Paid to Suppliers of Goods	3.01	13.41
	Bill Discounting Interest	19.43	45.32
	Interest On Vehicle Finance	1.92	3.80
	TOTAL	712.02	1,275.68



SHAHLON SILK INDUSTRIES LTD.

Provisional Notes to financial statement for the period ended 30TH SEPTEMBER, 2018

(' in lacs)

	2018-19	2017-18
23 DEPRECIATION AND AMORTISATION EXP.		
Depreciation for the period	569.22	1,245.67
Less: Depreciation Withdrawn from revaluation reserve	16.02	36.00
TOTAL	553.20	1,209.66
24 OTHER EXPENSES		
<u>Other Manufacturing Expenses</u>		
Consumable Stores (Refer Note No. 24.3 to 24.5)	559.59	1,339.72
Power and Fuel	823.93	1,637.39
Repairs - Plant & Machinery	109.60	148.89
- Buildings	13.70	33.67
Factory Expense	70.07	132.45
Job Charges	49.75	86.01
Wind Mill Exp.	82.13	173.89
Excise Duty	-	106.82
TOTAL (A)	1,708.78	3,658.84
<u>Windmill Expenses</u>		
Lease Rent	0.09	1.44
Insurance	0.83	2.09
Repairs & Maintenance	38.51	70.63
Professional Expenses	0.49	0.95
Term Loan Interest	42.21	98.77
	82.13	173.89
<u>Selling & Distribution Expenses</u>		
Urban Trend Exp.	-	9.06
Tempo Freight and Octrol	100.33	164.27
Advertisement Expense	18.78	53.92
Brokerage Expenses	95.38	141.01
TOTAL (B)	214.49	368.26
<u>Administrative & Other Expenses</u>		
Rent	5.72	9.57
Insurance	7.57	17.48
Directors Remuneration	85.82	167.15
Donation	2.71	159.33
Electricity Expenses	3.88	3.51
Travelling and Conveyance Expenses	48.03	82.76
Postage and Telephone Expenses	12.11	24.12
Auditors Remuneration - For Statutory Audit	1.28	2.55
Computer Expenses	6.85	13.80
Legal and Professional Expenses	19.73	67.99
Repair & Maintenance of Furniture & Off. Equip.	5.95	18.06
Printing and Stationary Expenses	5.56	11.30
General Expenses	4.71	23.72
ISO 9001:2000 Certification Exp.	-	0.13
TOTAL (C)	209.92	601.45
TOTAL (A+B+C)	2,133.19	4,628.55



Verified from the Books
For Rasesh Shah & Associates

[Signature]
Partner

CHARTERED ACCOUNTANTS
MEMBERSHIP NO. 137148

Annexure D

Valuation Report

CNK & Associates LLP
Chartered Accountants

C - 201 - 202, Shree Siddhi Vinayak Complex, Opp. Alkapuri Side Railway Station,
Faramji Road, Alkapuri, Vadodara - 390 005.
Ph. : +91-265-2343483, 2354353, 2354359
Email : alok@cnkindia.com • vadodara@cnkindia.com

To,
The Board of Directors

Shahlon Silk Industries Limited
91, GIDC, Khatodara,
B/h Sub Jail, Ring Road,
Surat, Gujarat – 395 002

Fairdeal Filaments Limited
3rd Floor, Dawer Chambers,
Near Sub Jail, Ring Road,
Surat, Gujarat – 395 002

Dear Sirs,

Sub: Evaluation and determination of equity share exchange ratio for the proposed amalgamation/merger of Fairdeal Filaments Limited with Shahlon Silk Industries Limited.

Preamble: By engagement letter dated 14th July, 2018 from Fairdeal Filaments Limited (hereinafter referred to as 'FFL' or 'Transferor Company') and subsequent meeting with the officials of the Company, we have been requested to recommend an exchange ratio/ swap ratio of equity shares in connection with the proposed amalgamation/merger of Shahlon Silk Industries Limited (hereinafter referred to as 'SSIL' or 'Transferee Company') with FFL. We have been requested to carry out the valuation exercise and to advise share swap ratio for the aforesaid amalgamation.

We accordingly report as under:

1. Objective:

The objective of the present valuation process is to work out a share exchange ratio of the aforesaid amalgamation, for the purpose of the proposed scheme of the Amalgamation.

2. Scope/Limitations:

2.1 The valuation exercise carried out by us does not constitute an audit carried out in accordance with Generally Accepted Accounting Principles/Auditing Standards. Accordingly, we do not express any opinion on the financial statements, assumptions underlying such financial statements and representations of management included in the valuation report. We do not provide any assurance



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that the financial information or assumptions, upon which these have been based, are accurate.

- 2.2 In carrying out the valuation, we have entirely relied upon the financial statements of the concerned companies, assumptions and other information and explanations provided by the management and discussions with the management from time to time regarding operations of these companies.
- 2.3 The scope of our service is to carry out a relative valuation of the equity shares of SSIL, and FFL with a view to arrive at the exchange ratio of the equity shares of FFL for the equity shares of SSIL for the proposed amalgamation/merger.
- 2.4 This report is the deliverable in respect of our recommendation of equity swap ratio for the purpose of proposed amalgamation/merger of FFL into SSIL.

3. **Disclaimer:**

This report is a private and confidential document prepared under the specific instructions of the client(s). It is for the internal use of the client(s) only and is not meant for external circulation except to any statutory agency or competent authority for the purpose of the proposed scheme. Any person making any investment or taking other decision on reliance of this report will be doing so at its/ his sole risk. We shall not be responsible for any decision taken by anybody on reliance of this report.

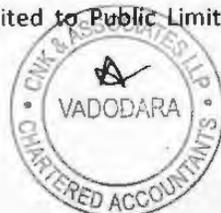
4. **Brief Profile of the Companies:**

4.1 **Fairdeal Filaments Limited** is a company incorporated under the Companies Act, 1956, on 15th May, 1990 with the office of the Registrar of Companies, Gujarat at Ahmadabad, having its Corporate Identification Number L17110GJ1990PLC013771 now governed by The Companies Act, 2013 having its Registered Office at 3rd Floor, Dawer Chambers, Near Sub Jail, Ring Road, Surat, Gujarat – 395 002.

FFL is a company engaged in manufacturing and trading of synthetic textile yarn and grey fabrics both for domestic and international markets. The Company is engaged in manufacture of texturized, twisted and sized yarn and weaving on water-jet looms. The Company's manufacturing plants are located at Mangrol and Mandvi in Surat.

The present Authorized Share Capital of the Transferor Company is Rs. 20,00,00,000/- divided into 2,00,00,000 Equity Shares of Rs. 10/- each. The present Issued, Subscribed and Paid up Share Capital of the Company is Rs. 6,05,00,000/- divided into 60,50,000 Equity Shares of Rs. 10/- each.

4.2 **Shahlon Silk Industries Limited** is a company which is converted from Private Limited to Public Limited Company on 10th August 2018 with the office of the



Registrar of Companies which was formerly known as **Shahlon Silk Industries Private Limited** incorporated under the Companies Act, 1956, on 2nd April, 2008 with the office of the Registrar of Companies, Gujarat at Ahmadabad, having its Corporate Identification Number U17120GJ2008PLC053464 now governed by The Companies Act, 2013 having its Registered Office at 91, GIDC, Khatodara, Behind Sub Jail, Ring Road, Surat, Gujarat – 395 002.

Shahlon Silk Industries Ltd. established its presence in weaving textile business in Surat (Gujarat) - India. Prior to its establishment Shahlon Industries (P) Ltd. was established in the year 2001 which was merged with Shahlon Silk Industries (P) Ltd in the year 2008. The Company has established scalable production facilities and service support for manufacturing of various synthetic yarns and fabrics with the help of hi-tech and advance technology.

SSIL is engaged in the business of manufacturer of synthetic yarns, beams, fabrics and garments selling to manufacturers, exporters, and wholesalers.

The present Authorized Share Capital of the Transferee Company is Rs. 12,00,00,000/- divided into 1,20,00,000 Equity Shares of Rs. 10/- each. The present Issued, Subscribed and Paid up Share Capital of the Company is Rs. 11,15,22,500/- divided into 1,11,52,250 Equity Shares of Rs. 10/- each.

Fairdeal Filaments Limited is proposed to be merged with Shahlon Silk Industries Limited.

4.3 The Transferor Company is listed company with the Market Capital of Rs. 68.15 Cr (as on 17/08/2018). The 28.67% equity share capital is held by the Promoters, and Promoters Group and the 71.33% equity share capital is held by the general public.

4.4 We have been informed that the above two Companies is considering a Scheme of Amalgamation/Merger under Sections 230-232 of the Companies Act, 2013 ("the Act") whereby, FFL would be amalgamated/merged with SSIL.

5. **Information Furnished:**

For the purposes of the aforesaid engagement, we were provided with the following relevant documents / information pertaining to the Transferor Company and Transferee Company:

5.1 Memorandum and Articles of Association ;



-
- 5.2 Audited Annual Accounts for the financial year ended 31st March, 2017 and 2018;
 - 5.3 Shareholding pattern of as on 30th June, 2018.
 - 5.4 Projections for the financial Years 2018-19 to 2022-23.
 - 5.5 Draft Scheme of Amalgamation under sections 230-232 of the Act; and
 - 5.6 We have also obtained information and explanations which were considered relevant, reasonable and necessary for our engagement from the executives and representatives of the respective companies.

6. Salient Features of the Scheme:

The salient features of the Scheme are as under:

- 6.1 The Scheme envisages the amalgamation of FFL with SSIL under sections 230-232 of the Act.
- 6.2 The management of the respective two companies believe that the restructuring would benefit the companies and its stake holders on account of the elimination of multiple entities which would result into greater administrative efficiency eliminates administrative functions and multiple record keeping, thus resulting in reduced expenditure, and significant reduction in the multiplicity of regulatory compliances.
- 6.3 "**Appointed Date**" means 1st April, 2018.
- 6.4 "**Effective Date**" means the date on which the authenticated copies or certified copies of the Orders of the National Company Law Tribunal (NCLT), sanctioning the Scheme are filed with the Registrar of Companies, Gujarat by the Transferor Company and the Transferee Company.
- 6.5 With effect from the Appointed Date all the assets (whether movable or immovable, real or personal, corporeal or incorporeal, present, future or contingent, tangible or intangible), investments and liabilities of the Transferor Company shall be transferred to and vested in the Transferee Company;

7. Valuation Methodology for Amalgamation:

- 7.1 To arrive at the share exchange swap ratio between the equity shares of Transferor Company and Transferee Company, it is necessary to value equity



shares of Transferor Company FFL in terms of the value of the equity shares of SSIL. These values are to be determined independently but on a relative basis, without considering the current transaction.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at, after taking into account its purpose and shareholding pattern in each of the two companies, using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner.

7.2 There are a number of techniques/methods for valuation of shares. According to a High court statement: "The valuation of shares is a technical matter which requires considerable skills and expertise. There are bound to be differences of opinion as to the correct value of shares of the company. Simply because it is possible to value the shares in a manner different from the one adopted in a given case, it cannot be said that the valuation agreed upon has been unfair."

7.3 However, following methods are widely used for determining the fair value of equity shares:

- i. Net Assets Value Method
- ii. EBITDA Valuation Method
- iii. Market Value Method (In the case of Listed Company);

i). Net Assets Value Method:

The asset based valuation technique is based on the value of the underlying net assets of the company, either on a Book Value basis or replacement cost basis. This method is also known as the Net Asset Valuation ("NAV") methodology.

Considering the nature of business of the company and other facts and based on the discussions with the management, including the fact that the two companies are closely held companies and as informed, owned by the same group and upon the proposed restructuring, none of the stake holders are likely to be adversely affected, the asset based valuation technique seems to be appropriate for valuing the shares of the two companies. In other words, net assets (operating business assets) have been valued using book value as reflected in the Audited Accounts as at 31st March, 2018.



ii). **EBITDA Valuation Method**

“EBITDA Multiplier” method is generally used for the Enterprise, which has lower profit in initial year. ‘EBITDA’ stands for “Earnings before Interest, Tax, Depreciation and Amortization”. It seems to use when business required substantial investment in initial year and with long gestation period.

Key Factor in this method is cash generated by the enterprise prior to all discretionary expenditures. The EBITDA is the measures of cash flows from operations that can be used to support debt payment least in the short term. It provides better estimation of “Optimal value” when capital expenditure earns unwise or substandard returns.

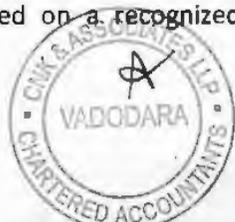
Earnings before interest, tax, depreciation, and amortization (EBITDA) are a measure of Enterprise profits and information in the Enterprise’s financial statements. A multiple of the EBITDA is used to value a Enterprise, especially in relation to its competitors, where the multiple to be used can be obtained from dividing the market value of similar business by their EBITDA and using the mean or median result as the multiple for valuing a business.

EBITDA takes out of the equation those items that might obscure how the Enterprise is really performing.

- The tax charge can be affected by the tax strategy of the Enterprise, the availability of tax losses brought forward from previous years, or the amount of tax allowances available for capital investment.
- Depreciation and amortization are dependent on the extent of capital expenditure by the Enterprise and may also depend on subjective estimates of the useful life of the plant and equipment.
- The amount of the interest charge depends on the Enterprise’s choice of how to finance its operations.
- By taking out these items the EBITDA gives a figure that is closer to the actual cash generated by the operations of the business.
- We have considered the Average EBITDA from the Financial Year 2016-17 to 2019-20 to arrive at the Fair Value of Shares of SSIL and FFL.

iii). **Market Value Method**

Market value of shares of a company quoted on stock exchanges - The market value of a listed stock carries significant weightage in the analysis of the equity value of the company. The price, at which the shares of a listed company are quoted on a recognized stock exchange, is an indicator of the value of the



company. This method is effective in various situations as market forces collectively determine the price quoted on the stock exchanges. The market value is an outcome of various factors like quality and integrity of the Management, present and prospective competition, yield on comparable securities, market sentiment, etc.

Since the shares of Transferor Company is involved in the Scheme is listed on stock exchange, we have considered the same while on the other hand the Transferee Company is unlisted company so Market Value Method is not considered.

For the Transferor Company we have considered the Average Market Price 21st May 2018 to 10th August 2018.

- 7.4 Since the transferee company (SSIL) is unlisted company and, no market price/quotations are available for the shares of this company.
- 7.5 Accordingly, Fair Valuation of shares of the Transferor Company has been determined on the basis of Weightage of the Three Methods i.e. Net Asset Value Method, EBITDA Method and Market Value Method, and the Transferee Company has been determined on the basis of Weightage of the Two method i.e. Net Asset Value Method and EBITDA Method for the purpose of working out of share exchange swap ratio for merger.
- 7.6 Value of shares has been calculated on the basis of the latest Audited Balance sheet as on 31st March, 2018.

8. Share Exchange Ratio for the proposed Amalgamation:

On the basis of valuation exercise and after rounding off, we have valued equity shares of Transferor Company under the Net Asset Value Method, EBITDA Method and Market Value Method and Transferee Company under the Net Asset Value Method and EBITDA Method based on the audited financial statements of the companies as of March 31, 2018, with certain adjustments therein as indicated above. Based thereon, in our opinion, the ratio at which Transferee Company shall issue its equity shares to the shareholders of Transferor Company shall be as under (For detailed working – see Annexure I to this Report):

To the shareholders of FFL

Against 1 Equity Shares of the face value of Rs.10/- of the FFL, **1 Equity Shares** of the face value of Rs.10/- of the SSIL shall be issued to the share holders of FFL.



To the shareholders of SSIL

1 Equity Shares of Rs.10/- each, credited as fully paid-up in the capital of the SSIL for every **1 Equity Shares** of the face value of Rs.10/- each held by the Shareholders of the FFL.

This valuation and the resultant exchange ratio are subject to the statement of assumptions and limiting conditions set out in Appendix II.

We shall also inform that we have no obligation to update this report or our calculation of value on account of any information that may come to our attention after the date of this report.

For CNK & Associates, LLP.

Chartered Accountants

FRN No: 101961W/W-100036



CA Alok Shah

Partner

Mem No. 042005

Date: 17th August, 2018

Annexure I to our Report dated 17th August, 2018 recommending equity share exchange ratio for the proposed amalgamation of Fairdeal Filaments Limited with Shahlon Silk Industries Limited.

Working of exchange ratio

1.	Fairdeal Filaments Limited (FFL)		
	No of Shares of Rs. 10 each		60,50,000
	Owners Value (Amount in Lakhs)		6,109.18
	Value per equity share of FFL as on 31 st March, 2018 (Rs.)		101
2.	Shahlon Silk Industries Limited (SSIL)		
	No of Shares of Rs. 10 each		1,11,52,250
	Owners Value (Amount in Lakhs)		11,667.12
	Value per equity share of SSIL as on 31 st March, 2018 (Rs.)		105
3.	Exchange Ratio (SSIL : FFL)		
	For every 1 equity share of SSIL 1 equity share of FFL shall be issued (Exchange ratio of shares are rounded off to the next integer)		1:1



Annexure II

Statement of Assumptions and Limiting Conditions

1. The conclusion of value arrived at herein is valid only for the stated purpose as of the date of the valuation and should not be used out of the context presented herein.
2. FFL and SSIL has warranted to us that the information supplied to us was complete and accurate to the best of its knowledge and that the financial information properly reflects the business conditions and operating results for the year in accordance with generally accepted accounting principles. Information supplied to us has been accepted as correct without any further verification. We have not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information.
3. Financial information of the subject companies is included solely to assist in the development of a value conclusion presented in this report and should not be used to obtain credit or for any other allied purpose.
4. We have been informed that both the companies have consistently grown in past and management have provided us future projections for next five years.
5. Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it nor may it be used for any purpose by anyone other than those enumerated in this report without my written consent. This report and the conclusion of value arrived at herein are for the exclusive use of the client for the sole and specific purposes as noted herein.
6. The report and conclusion of value are not intended and should not be construed by the reader to be an investment / disinvestment advice. The conclusion of value represents our considered opinion, based on information furnished by the client.
7. Neither all nor any part of the contents of this report (especially the conclusion of value) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other means of communication without our prior written consent and approval.
8. This valuation reflects facts and conditions existing or reasonably foreseeable at the valuation date. Subsequent events have not been considered, and we have no obligation to update the report for such events and conditions.



-
9. Our engagement for this valuation assignment does not include any procedures designed to discover any defalcations or other irregularities, should any exist.
 10. No change of any item in this valuation report shall be made by anyone and we bear no responsibility for any such unauthorized change.
 11. We have held discussion with the management including directors of FFL and SSIL and the team of advisors / finance personnel concerning the present and prospective operating results of the Companies. We have relied on the representations by them concerning the valuation of all assets and liabilities reflected in the financial statements for the year 2017-18.



Annexure E
Fairness Opinion



August 21, 2018

MCAPL: MUM: 2018-19: 0116

To,
Board of Directors
Shahlon Silk Industries Limited
91, G.I.D.C. Khatodara,
Behind Sub-Jail, Ring Road,
Suart-395 002, Gujarat

Sub : Fairness Opinion Certificate on the Valuation of shares in the matter of proposed merger of Fair Deal Filaments Limited ("FFL") and Shahlon Silk Industries Limited ("SSIL")

Dear Sir,

This has reference to the request made by the management of Shahlon Silk Industries Limited ("SSIL"). The Board of Directors of SSIL has appointed us on August 11, 2018 and has requested us to issue Fairness Opinion Certificate in connection with the valuation exercise being carried out by M/s. CNK & Associates LLP, Chartered Accountants (hereinafter referred to as "the Valuer") for recommending Equity Share Exchange Ratio for the Proposed Merger of Fair Deal Filaments Limited and Shahlon Silk Industries Limited i.e. April 01, 2018.

1. PURPOSE OF VALUATION

- 1.1 The Board of Directors of both the Companies have considered proposal for the Merger of FFL with SSIL.
- 1.2 In this regard, M/s. CNK & Associates LLP, Chartered Accountants were appointed to carry out the valuation with a view to recommend an exchange ratio of shares in the event of Merger of FFL with SSIL and determination of Equity shares to be issued by SSIL to the Shareholders of FFL.
- 1.3 The information contained herein and our certificate is confidential. It is intended only for the sole use of captioned purpose including for the purpose of obtaining requisite approvals as per SEBI (LODR) Regulations, 2015.

2. SOURCE OF INFORMATION

For the purpose of the valuation, we have relied upon the following source of information provided by the management of the Companies:

- i) Memorandum and Articles of Association;
- ii) Audited Annual Accounts For FY 2017-18;
- iii) Certified Un-audited financials as at June 30, 2018 of FFL;
- iv) Projections for the Financial Year 2018-19 to 2020-21;
- v) Copy of Valuation Report issued by CNK & Associates LLP, Chartered Accountants dated August 17, 2018;
- vi) Draft Scheme of Arrangement.



Page 1 of 3

MARK CORPORATE ADVISORS PVT. LTD.

CIN No : U67190MH2008PTC181996

GSTIN/UIN : 27AAFPM5379J1ZY

404/1, The Summit Business Bay, Sant Janabai Road, (Service Lane), Off. W. E. Highway, Vile Parle (E), Mumbai - 400 057
Tele : +91 22 2612 3207 Fax : +91 22 2612 3208 Web : www.markcorporateadvisors.com E-mail : info@markcorporateadvisors.com



3. EXCLUSIONS AND LIMITATIONS

- 3.1 Conclusions reached by us are dependent on the information provided to us being complete & accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. The scope of our assignment did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information used during the course of our work. We have not performed any audit, review or examinations of any of the historical or prospective information used and, therefore, do not express any opinion with regard to the same. In addition, we do not take any responsibility for any changes in the information used for any reason, which may occur subsequent to the date of our certificate.
- 3.2 This certificate is prepared with a limited purpose/scope as identified/stated earlier and will be confidential being for use only to whom it is issued. It must not be copied, disclosed or circulated in any correspondence or discussions with any person, except to whom it is issued and to those who are involved in this transaction and for various approvals for this transaction.

4. VALUATION METHODOLOGY ADOPTED BY THE VALUER

In arriving at the exchange ratio of the equity shares for the merger of the FFL with SSIL we have determined the values independently but on a relative basis. We have considered the methods relevant and applicable, which included:

- 1) Net Assets Value Method
- 2) EBITDA Valuation Method
- 3) Market Value Method (Fair Deal Filaments Limited)

1) Net Assets Value Method

The asset based valuation technique is based on the value of the underlying net assets of the company on a Book Value basis. This method is also known as the Net Asset Valuation ("NAV") methodology. Considering the nature of business of the company and other facts and based on the discussions with the management, including the fact that the two companies are closely held companies and as informed, owned by the same group and upon the proposed restructuring, none of the stake holders are likely to be adversely affected, the asset based valuation technique seems to be appropriate for valuing the shares of the two companies. In other words, net assets (operating business assets) have been valued using book value as reflected in the Audited Accounts as at March 31, 2018.

2) EBITDA Valuation Method

"EBITDA Multiplier" method is generally used for the Enterprise, which has lower profit in initial year EBITDA stands for "Earnings before Interest, Tax, Depreciation and Amortization". It seems to use when business required substantial investment in initial year and with long gestation period. Key Factor in this method is cash generated by the enterprise prior to all discretionary expenditures. The EBITDA is the measures of cash flows from operations that can be used to support debt payment least in the short term. It provides better estimation of "Optimal value" when capital expenditure earns unwise or substandard returns. Earnings before interest, tax, depreciation, and amortization (EBITDA) are a measure of Enterprise profits and information in the Enterprise's financial statements. A multiple of the EBITDA is used to value an Enterprise, especially in relation to its competitors, where the multiple to be used can be obtained from dividing the market value of similar business by their EBITDA and using the mean or median result as the multiple for valuing a business. EBITDA takes out of the equation those items that might obscure how the Enterprise is really performing.



Page 2 of 3

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- The tax charge can be effected by the tax strategy of the Enterprise, the availability of tax losses brought forward from previous years, or the amount of tax allowances available for capital investment.
- Depreciation and amortization are dependent on the extent of capital expenditure by the Enterprise and may also depend on subjective estimates of the useful life of the plant and equipment.
- The amount of the interest charge depends on the Enterprise's choice of how to finance its operations.
- By taking out these items the EBITDA gives a figure that is closer to the actual cash generated by the operations of the business.
- We have considered the Average EBITDA from the FY 2016-2017 to FY 2019-2020 to arrive at the Fair Value of Shares of SSIL and FFL.

3) Market Value Method

Market Value of Shares quoted on Stock Exchanges-The Market Value of a listed stock carries significant weightage in the analysis of the Equity Value of the Company. The Price at which the shares of a listed company are quoted on a recognized Stock Exchange, is an indicator of the value of the Company. This method is effective in various situations as market force collectively determine the price quoted on the stock exchanges. The market value is an outcome of various factors like quality and integrity of the Management, present and prospective competition, yield on comparable securities, market sentiment, etc. Since the shares of Transferor Company is involved in the Scheme is listed on stock exchange, we have considered the same while on the other hand the Transferee Company is unlisted company so Market Value Method is not considered. For the Transferor Company we have considered the Average Market Price from May 21, 2018 to August 10, 2018.

5. CONCLUSION

- 5.1. We have reviewed the methodology as mentioned above adopted by the Valuer for arriving at the fair valuation of the equity shares of Companies and also reviewed the working and underlining assumptions adopted to arrive at the values under each of the above approaches, for the purposes of recommending a ratio of entitlement/exchange.
- 5.2. On the basis of the foregoing points, we are of the opinion that the valuation made by M/s. CNK & Associates LLP, Chartered Accountants is fair & reasonable for the proposed Share Exchange Ratio of 1 Equity share of Shahlon Silk Industries Limited for every 1 Equity Share of Fair Deal Filaments Limited.

Thanking you,

For Mark Corporate Advisors Private Limited


Rajendra Kanoongo
Jt. Managing Director

Place: Mumbai

Page 3 of 3

MARK CORPORATE ADVISORS PVT. LTD.

CIN No : U67190MH2008PTC181996

GSTIN/UIN : 27AAF0537912Y

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Annexure F
Observation Letter



DCS/AMAL/SD/R37/1339/2018-19

November 19, 2018

The Company Secretary,
FAIR DEAL FILAMENTS LTD.
Dawer Chambers, 3rd Floor,
Nr Sub Jail, Ring Road,
Surat, Gujarat- 395002

Sir,

Sub: Observation letter regarding the Draft Scheme of Amalgamation of Fairdeal Filaments Ltd with Shahlon Silk Industries Ltd.

We are in receipt of Draft Scheme of Amalgamation of Fairdeal Filaments Ltd with Shahlon Silk Industries Ltd and their respective shareholders filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated November 16, 2018 has inter alia given the following comment(s) on the draft scheme of arrangement:

- "Company shall ensure that the proposed scheme is acted upon only if the majority votes cast by the public shareholders are in favour of the proposal."
- "Company is advised to add an explanatory statement in the "Notice to Shareholders" with respect to the valuation of the valuer and the change in the swap ratio of the shares (as approved in the Board Meeting dated August 22, 2018)."
- "Company shall ensure that additional information and undertakings, if any, submitted by the Company, after filing the scheme with the Stock Exchange, and from the date of receipt of this letter is displayed on the websites of the listed company."
- "Company shall duly comply with various provisions of the Circulars."
- "Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT."
- "It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT. Further, where applicable in the explanatory statement of the notice to be sent by the company to the



BSE Limited (Formerly Bombay Stock Exchange Ltd.)
Registered Office : Floor 25, P J Towers, Dalal Street, Mumbai 400 001
T: +91 22 2272 1234/33 | E: corp.com@bseindia.com | www.bseindia.com
Corporate Identity Number: L67120MH2005PLC1531

(2)

shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,

N Pujari
SM. -
Nitinkumar Pujari
Senior Manager

Annexure G
Complaints Report



Complaints Report

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Nil
5.	Number of complaints pending	Nil

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Not Applicable	Not Applicable	Not Applicable
2.			
3.			

For Fairdeal Filaments Limited .

A handwritten signature in black ink, appearing to read 'Shah'.

ARVIND RAICHAND SHAH
Whole-time Director
DIN: 00010483
Place: Surat
Date: 26/10/2018



Reg. Off. : 3rd Floor, Dawer Chambers,
Near Sub Jail, Ring Road,
Surat-395 002, Gujarat, INDIA.

Tel. : +91 261 2635541-42
+91 261 4190200
Fax : +91 261 2635550

CIN : L17110GJ1990PLC013771
E-mail : info@shahlon.com
Web : www.shahlon.com

Annexure H

Report adopted by the Board of Directors of Fairdeal Filaments Limited pursuant to the provisions of Section 232(2)(c) of the Companies Act, 2013



REPORT ADOPTED BY THE BOARD OF DIRECTORS OF FAIRDEAL FILAMENTS LIMITED ("COMPANY") AT ITS MEETING HELD ON WEDNESDAY, AUGUST 22, 2018, EXPLAINING THE EFFECT OF THE SCHEME OF MERGER BY ABSORPTION OF THE COMPANY BY SHAHLON SILK INDUSTRIES LIMITED AND THEIR RESPECTIVE SHAREHOLDERS ON SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS OF THE COMPANY

Background

The Board of Directors (the "**Board**") of the Company at its meeting held on 22/08/2018, approved the Scheme of Merger by Absorption of Fairdeal Filaments Limited (the "**Transferor Company**") by Shahlon Silk Industries Limited ("**Transferee Company**" or "**SSIL**") and their respective shareholders pursuant to Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and Section 2(1B) of the Income Tax Act, 1961. ("**Scheme**").

The Scheme provides for merger of the Company with SSIL in the manner set out in the Scheme, the re-organisation of the share capital of SSIL and various other matters consequential to or otherwise integrally connected with the above, in the manner provided for in the Scheme. As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the Directors explaining effect of arrangement and amalgamation on Shareholders, Key Managerial Personnel (KMPs), Promoters and Non-Promoter Shareholders laying out in particular the Share Exchange Ratio ("**Report of the Board**") is required to be circulated to the shareholders.

Having regard to the applicability of the aforesaid provisions, the Report of the Board is accordingly being made to comply with the provisions of Section 232(c) of the Companies Act, 2013.

J. R. Shah

A circular stamp with the text 'FAIRDEAL FILAMENTS LTD.' around the perimeter and 'SURAT' in the center. A handwritten signature 'J. R. Shah' is written across the stamp.

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While considering the Scheme, the Board perused the following documents and also took on record the same –

- a. Draft Scheme;
- b. The valuation report(s) dated August 17, 2018 issued by CNK & Associates LLP, which sets out the share entitlement ratio for the Scheme;
- c. Fairness Opinion issued by Mark Corporate Advisors Private Limited;
- d. The Report of the Audit Committee held on 22/08/2018;

Rationale for the Scheme

The merger of the Company with SSIL is based on the following rationale:

- i. The Company and SSIL, belonging to the same group of management, are largely engaged in the similar kind of business activities i.e. manufacturing of fabric on water jet looms. In addition to above, SSIL is also involved in manufacturing of fabric on air jet looms and rapier looms, which will be beneficial to the merged entity in diversifying its product portfolio pursuant to the Scheme coming into effect.
- ii. The Company and SSIL both carry out yarn preparatory facilities like sizing, texturising, twisting, crape etc.
- iii. The Company and SSIL both are the agents for Reliance Industries Limited in relation to sale of yarn product and thus, business of the Company and SSIL are complementary in nature and consolidation of business will be beneficial for both the companies and its shareholders.
- iv. Economies of scale will play a bigger role as the consolidated entity's operational efficiency will increase, which will in turn allow the merged entity to compete on a larger

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J.R. Shah



scale in the industry, thus benefiting the merged entity and the shareholders.

- v. The amalgamation will enable the merged entity to build up a diversified product portfolio.
- vi. As on March 31, 2018, SSIL has a net worth of Rs. 61,71,32,000 (*Rupees sixty one crores seventy one lakhs thirty two thousand*) and the Company has a net worth of Rs. 19,16,98,000 (*Rupees nineteen crores sixteen lakhs ninety eight thousand*). The combined entity will have net worth of around Rs. 80,65,90,000 (*Rupees eighty crores sixty five lakhs ninety thousand*) which will enable the merged entity with more negotiation power for debt finance considering its size and financial strength further the merged entity will have option of equity financing.
- vii. This merger will provide an opportunity to leverage assets and build a stronger sustainable business. It provides an opportunity to fully leverage stronger asset capabilities, experience, expertise and infrastructure of both the companies and thus increased ability for promotion of business activities as well as for fund raising as may be required for business development.
- viii. Manufacturing of grey fabric and texturizing / various yarn value addition activities of the Company and SSIL are located at Block number 297 /298 of Limodara Patiya, Village: Karanj, Taluka Mandvi, District: Surat and both the companies share the common entrance gate. At Fairdeal Textile Park, Village: Mahuvej, Taluka Mangrol, District: Surat, SSIL has manufacturing facilities for manufacturing of various yarns, grey fabric at Block no. 692/A and the Company has its proposed factory site also located just adjacent to SSIL on Block number 692/A. Both the companies have their administrative office located at 3rd Floor Dawer Chambers, Nr. Sub-Jail, Ring Road, Surat which is partly owned by the Company and partly by SSIL. As major of the manufacturing sites of the Company are adjacent to/together with SSIL, this merger would lead to synergic benefits.



efficiency of operations and management, rapid growth of the entity, optimum utilization of its resources and minimization of the administrative and operative costs.

- ix. The merger will result in a value creation for the shareholders and stakeholders of the Company and SSIL as the combined amalgamated company will have improved efficiency, market share, financial structure, larger cash flows and stronger consolidated revenue and profitability.
- x. The merger of the Company with SSIL would result in consolidation of business activities of both the companies and will facilitate effective management of investments and synergies in operation.
- xi. There is no likelihood that any shareholder or creditor or employee of the Company and SSIL would be prejudiced as a result of the Scheme. Thus, the merger is in the interest of the shareholders, creditors and all other stakeholders of the companies and is not prejudicial to the interests of the concerned shareholders, creditors or the public at large.

Valuation

The valuation for the Company has been arrived at on the basis of working the Weightage of the Three Methods i.e. Net Asset Value Method, EBITDA Method and Market Value Method, and SSIL has been determined on the basis of Weightage of the Two method i.e. Net Asset Value Method and EBITDA Method for the purpose of working out of share exchange swap ratio for merger.

As per the valuation report dated August 17, 2018 provided by the Chartered Accountants, CNK & Associates LLP had determined the share exchange ratio to be 1:1 i.e. 1 (*one*) equity share of Rs.10 each credited as fully paid up in SSIL for every 1 (*one*) equity share of Rs.10 each fully

paid up held by them in the Company on basis of the valuation of the assets and liabilities of the Company carried out by them as provided in their report.

However, the Board of Directors of SSIL for the benefit of the public shareholders of the Company have decided to reduce the valuation of SSIL by issuing additional shares to the members of the Company in the ratio of 1:0.90 i.e. 1 (*one*) equity share of Rs.10 each credited as fully paid up in SSIL for every 0.90 (*point ninety*) equity share held by them in the Company. This will lead to additional allotment of shares of SSIL, which would in turn would increase the public shareholding in SSIL to approximately 26.94% of total issued and paid-up share capital of SSIL post Scheme coming into effect as against 25.19%, and thus consequently, reducing the consolidated promoter shareholding of SSIL and the Company.

Upon the Scheme coming into effect, in consideration of the merger of the Company into SSIL pursuant to provisions of this Scheme, and without any further application, act, deed payment, consent, acts, instrument or deed, SSIL will issue and allot 67,22,222 (*Sixty seven lakhs twenty two thousand two hundred twenty two only*) fully paid-up equity shares of Rs.10 each (the "*New Shares*") to shareholders of the Company in accordance with the terms of the Scheme. The New Shares will be issued by SSIL to such equity shareholders of the Company whose names are recorded in the register of members of the Company as on the Record Date in the ratio of 1:0.90, i.e. 1 (*one*) equity share of Rs.10 each credited as fully paid up in SSIL for every 0.90 (*point ninety*) equity share held by them in the Company.

If, after applying the New Shares Entitlement Ratio, a person eligible to receive equity shares of SSIL as set out in the Scheme becomes entitled to receive any fractional equity shares of SSIL, such person shall be entitled to receive one full paid share instead of any such fractional entitlement.

Effect of the Scheme on equity shareholders (promoter shareholders and non-promoter shareholders), employees and KMPs of the Demerged Company:

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Disclosure about the effect of the Scheme on the following persons:

Sr. No.	Category	Effect of the Scheme
1.	Shareholders	<p>Pursuant to this Scheme, as part of the consideration for the demerger, SSIL will issue and allot 67,22,222 fully paid-up equity shares of Rs.10 each (the "<i>New Shares</i>") to shareholders of the Company. The New Shares will be issued by SSIL to such equity shareholders of the Company whose names are recorded in the register of members of the Company as on the Record Date in the ratio of 1:0.90, i.e. 1 (<i>one</i>) equity share of Rs.10 each credited as fully paid up in SSIL for every 0.90 (<i>point ninety</i>) equity share held by them in the Company.</p> <p>The New Shares issued and allotted by SSIL in terms of this Scheme shall rank <i>pari-passu</i> in all respects with the existing shares of SSIL, including in respect of dividends, if any, that may be declared by SSIL, on or after the Effective Date.</p> <p>The Scheme will lead to additional allotment of shares of SSIL, which would in turn would increase the public shareholding in SSIL to approximately 26.94% of total issued and paid-up share capital of SSIL post Scheme coming into effect. Although, the shareholding of the Promoter in the SSIL will reduced from earlier 100% to 73.06% but, the shareholding of promoters in the merged entity will increase as compared to 28.43% of promoters' shareholding in the Company prior to the Scheme coming into effect.</p>
2.	Promoters	The Scheme does not contemplate payment of any additional considerations to the Promoters except to the extent of their

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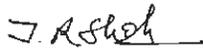
		<p>shareholding in SSIL as detailed in point 1 above.</p> <p>The Scheme will lead to additional allotment of shares of SSIL, which would in turn would increase the public shareholding in SSIL to approximately 26.94% of total issued and paid-up share capital of SSIL post Scheme coming into effect. Although, the shareholding of the Promoter in the SSIL will reduced from earlier 100% to 73.06% but, the shareholding of promoters in the merged entity will increase as compared to 28.43% of promoters' shareholding in the Company prior to the Scheme coming into effect.</p>
3.	Non-promoter Shareholders	Please refer point 1 above regarding effect on the equity shareholders
4.	Key Managerial personnel (KMP) (other than Directors)	KMP are the employees of the Company and as per the scheme, all the employees of FFL shall become employees of SSIL with effect from Effective Date of scheme.
5.	Directors	Pursuant to the Scheme becoming effective, the few directors are already directors in SSIL and will continue as directors in SSIL. In relation to the remaining Directors, the question of impact on them does not arise as the Company shall cease to exist.
6.	Depositors	FFL does not have any public deposits and accordingly, it does not have any depositors so hence the question of scheme having effect on depositor does not arise.
7.	Creditors	Upon the Scheme coming into effect, the creditor obligations with

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		respect to the Company shall become the obligations of SSIL. The Scheme is expected to be in the best interest of the Company's creditors.
8.	Debenture holders	FFL has no outstanding debentures and therefore, the effect of the Scheme on debenture holders does not arise.
9.	Deposit trustee & Debenture trustee	FFL does not have any public deposits and accordingly, it does not have any depositors or deposit trustee and the question of scheme having effect on depositor or deposit trustee does not arise. Further, there are no debenture holders or debenture trustee in FFL as no debentures are issued. Thus, the question of scheme having effect on debenture holder or debenture trustee does not arise.
10.	Employees of the company	Employees in relation to the Transferor Undertaking shall become the employees of the Transferee Company. No right of employees shall get affected.

For and on behalf of the Board of Directors of
Fairdeal Filaments Limited.



[JAYANTILAL RAICHAND SHAH]
Chairman and Director



REPORT ADOPTED BY THE BOARD OF DIRECTORS OF SHAHLON SILK INDUSTRIES LIMITED ("COMPANY") AT ITS MEETING HELD ON WEDNESDAY, AUGUST 22, 2018, EXPLAINING THE EFFECT OF THE SCHEME OF MERGER BY ABSORPTION OF THE FAIRDEAL FILAMENTS LIMITED BY THE COMPANY AND THEIR RESPECTIVE SHAREHOLDERS ON SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS OF THE COMPANY

Background

The Board of Directors (the "**Board**") of the Company at its meeting held on 22/08/2018, approved the Scheme of Merger by Absorption of Fairdeal Filaments Limited ("**Transferor Company**" or "**FFL**") by the Company and their respective shareholders pursuant to Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and Section 2(1B) of the Income Tax Act, 1961. ("**Scheme**").

The Scheme provides for merger of FFL with the Company in the manner set out in the Scheme, the re-organisation of the share capital of the Company and various other matters consequential to or otherwise integrally connected with the above, in the manner provided for in the Scheme. As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the Directors explaining effect of arrangement and amalgamation on Shareholders, Key Managerial Personnel (KMPs), Promoters and Non-Promoter Shareholders laying out in particular the Share Exchange Ratio ("**Report of the Board**") is required to be circulated to the shareholders.

Having regard to the applicability of the aforesaid provisions, the Report of the Board is accordingly being made to comply with the provisions of Section 232(c) of the Companies Act, 2013.

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While considering the Scheme, the Board perused the following documents and also took on record the same –

- a. Draft Scheme;
- b. The valuation report(s) dated August 17, 2018 issued by CNK & Associates LLP, which sets out the share entitlement ratio for the Scheme; and
- c. Fairness Opinion issued by Mark Corporate Advisors Private Limited;

Rationale for the Scheme

The merger of FFL with the Company is based on the following rationale:

- i. FFL and the Company, belonging to the same group of management, are largely engaged in the similar kind of business activities i.e. manufacturing of fabric on water jet looms. In addition to above, the Company is also involved in manufacturing of fabric on air jet looms and rapier looms, which will be beneficial to the merged entity in diversifying its product portfolio pursuant to the Scheme coming into effect.
- ii. FFL and the Company both carry out yarn preparatory facilities like sizing, texturising, twisting, crape etc.
- iii. FFL and the Company both are the agents for Reliance Industries Limited in relation to sale of yarn product and thus, business of FFL and the Company are complementary in nature and consolidation of business will be beneficial for both the companies and its shareholders.
- iv. Economies of scale will play a bigger role as the consolidated entity's operational efficiency will increase, which will in turn allow the merged entity to compete on a larger scale in the industry, thus benefiting the merged entity and the shareholders.

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- v. The amalgamation will enable the merged entity to build up a diversified product portfolio.
- vi. As on March 31, 2018, the Company had a net worth of Rs. 61,71,32,000 (*Rupees sixty one crores seventy one lakhs thirty two thousand*) and FFL had a net worth of Rs. 19,16,98,000 (*Rupees nineteen crores sixteen lakhs ninety eight thousand*). The combined entity will have net worth of around Rs. 80,65,90,000 (*Rupees eighty crores sixty five lakhs ninety thousand*) which will enable the merged entity with more negotiation power for debt finance considering its size and financial strength further the merged entity will have option of equity financing.
- vii. This merger will provide an opportunity to leverage assets and build a stronger sustainable business. It provides an opportunity to fully leverage stronger asset capabilities, experience, expertise and infrastructure of both the companies and thus increased ability for promotion of business activities as well as for fund raising as may be required for business development.
- viii. Manufacturing of grey fabric and texturizing / various yarn value addition activities of FFL and the Company are located at Block number 297 /298 of Limodara Patiya, Village: Karanj, Taluka Mandvi, District: Surat and both the companies share the common entrance gate. At Fairdeal Textile Park, Village: Mahuvej, Taluka Mangrol, District: Surat, the Company has manufacturing facilities for manufacturing of various yarns, grey fabric at Block no. 692/A and FFL has its proposed factory site also located just adjacent to the Company on Block number 692/A. Both the companies have their administrative office located at 3rd Floor Dawer Chambers, Nr. Sub-Jail, Ring Road, Surat which is partly owned by FFL and partly by the Company. As major of the manufacturing sites of FFL are adjacent to/together with the Company, this merger would lead to synergic benefits, efficiency of operations and management, rapid growth of the entity, optimum utilization

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of its resources and minimization of the administrative and operative costs.

- ix. The merger will result in a value creation for the shareholders and stakeholders of FFL and the Company as the combined amalgamated company will have improved efficiency, market share, financial structure, larger cash flows and stronger consolidated revenue and profitability.
- x. The merger of FFL with the Company would result in consolidation of business activities of both the companies and will facilitate effective management of investments and synergies in operation.
- xi. There is no likelihood that any shareholder or creditor or employee of FFL and the Company would be prejudiced as a result of the Scheme. Thus, the merger is in the interest of the shareholders, creditors and all other stakeholders of the companies and is not prejudicial to the interests of the concerned shareholders, creditors or the public at large.

Valuation

The valuation for FFL has been arrived at on the basis of working the Weightage of the Three Methods i.e. Net Asset Value Method, EBITDA Method and Market Value Method, and the Company has been determined on the basis of Weightage of the Two method i.e. Net Asset Value Method and EBITDA Method for the purpose of working out of share exchange swap ratio for merger.

As per the valuation report dated August 17, 2018 provided by the Chartered Accountants, CNK & Associates LLP had determined the share exchange ratio to be 1:1 i.e. 1 (*one*) equity share of Rs.10 each credited as fully paid up in the Company for every 1 (*one*) equity share of Rs.10 each fully paid up held by them in FFL on basis of the valuation of the assets and liabilities of the Company carried out by them as provided in their report.

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However, the Board of Directors of the Company for the benefit of the public shareholders of FFL have decided to reduce the valuation of the Company by issuing additional shares to the members of FFL in the ratio of 1:0.90 i.e. 1 (*one*) equity share of Rs.10 each credited as fully paid up in the Company for every 0.90 (*point ninety*) equity share held by them in FFL. This will lead to additional allotment of shares of the Company, which would in turn would increase the public shareholding in the Company to approximately 26.94% of total issued and paid-up share capital of the Company post Scheme coming into effect as against 25.19%, and thus consequently, reducing the consolidated promoter shareholding of the Company and FFL.

Upon the Scheme coming into effect, in consideration of the merger of FFL into the Company pursuant to provisions of this Scheme, and without any further application, act, deed payment, consent, acts, instrument or deed, the Company will issue and allot 67,22,222 (Sixty seven lakhs twenty two thousand two hundred twenty two only) fully paid-up equity shares of Rs.10 each (the "*New Shares*") to shareholders of FFL in accordance with the terms of the Scheme. The New Shares will be issued by the Company to such equity shareholders of FFL whose names are recorded in the register of members of FFL as on the Record Date in the ratio of 1:0.90, i.e. 1 (*one*) equity share of Rs.10 each credited as fully paid up in the Company for every 0.90 (*point ninety*) equity share held by them in FFL.

If, after applying the New Shares Entitlement Ratio, a person eligible to receive equity shares of the Company as set out in the Scheme becomes entitled to receive any fractional equity shares of the Company, such person shall be entitled to receive one full paid share instead of any such fractional entitlement.

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Effect of the Scheme on equity shareholders (promoter shareholders and non-promoter shareholders), employees and KMPs of the Company:

Disclosure about the effect of the Scheme on the following persons:

Sr. No.	Category	Effect of the Scheme
1.	Shareholders	<p>Pursuant to this Scheme, as part of the consideration for the merger, the Company will issue and allot 67,22,222 fully paid-up equity shares of Rs.10 each (the "<i>New Shares</i>") to shareholders of FFL. The New Shares will be issued by the Company to such equity shareholders of FFL whose names are recorded in the register of members of FFL as on the Record Date in the ratio of 1:0.90, i.e. 1 (<i>one</i>) equity share of Rs.10 each credited as fully paid up in the Company for every 0.90 (<i>point ninety</i>) equity share held by the shareholders of FFL.</p> <p>The New Shares issued and allotted by the Company in terms of this Scheme shall rank <i>pari-passu</i> in all respects with the existing shares of the Company, including in respect of dividends, if any, that may be declared by the Company, on or after the Effective Date.</p> <p>The Scheme will lead to additional allotment of shares of the Company, which would in turn would increase the public shareholding in the Company to approximately 26.94% of total issued and paid-up share capital of the Company post Scheme coming into effect. However, shareholding of public shareholders in the Company will reduced 26.94% in the Company as compared to 71.57% of public shareholding in the FFL prior to the Scheme coming into effect.</p>
2.	Promoters	The Scheme does not contemplate payment of any additional

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		<p>considerations to the Promoters except to the extent of their shareholding in the Company as detailed in point 1 above.</p> <p>The Scheme will lead to additional allotment of shares of the Company, which would in turn would increase the public shareholding in the Company to approximately 26.94% of total issued and paid-up share capital of SSIL post Scheme coming into effect. However, shareholding of public shareholders in the Transferee Company will reduced 26.94% in the Transferee Company as compared to 71.57% of public shareholding in the Transferor Company prior to the Scheme coming into effect.</p>
3.	Non-promoter Shareholders	Please refer point 1 above regarding effect on the equity shareholders
4.	Key Managerial personnel (KMP) (other than Directors)	No change in Key Managerial Person is expected pursuant to the scheme.
5.	Directors	There is no adverse effect of the Scheme on the Directors of SSIL.
6.	Depositors	SSIL does not have any public deposits and accordingly, it does not have any depositors hence the question of scheme having effect on depositor does not arise.
7.	Creditors	Upon the Scheme coming into effect, the creditor obligations with respect to the Company shall become the obligations of the Company. The Scheme is expected to be in the best interest of the Company's creditors.

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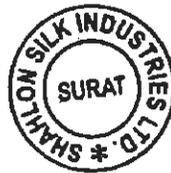
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8.	Debenture holders	SSIL has no outstanding debentures and therefore, the effect of the Scheme on debenture holders does not arise.
9.	Deposit trustee & Debenture trustee	SSIL does not have any public deposits and accordingly, it does not have any depositors or deposit trustee and the question of scheme having effect on depositor or deposit trustee does not arise. Further, there are no debenture holders or debenture trustee in SSIL as no debentures are issued. Thus, the question of scheme having effect on debenture holder or debenture trustee does not arise.
10.	Employees of the company	Employees in relation to the Transferor Undertaking shall become the employees of the Transferee Company. No right of employees shall get affected.

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

J. A. Shah

[JAYANTILAL RAICHAND SHAH]
Chairman and Director



Annexure I
Abridged Prospectus



Date: January 29, 2019

To,
The Board of Directors
Shahlon Silk Industries Limited
91, G.I.D.C., Khatodara, B/H.: Sub-Jail, Ring Road,
Surat- 395002, Gujarat

Dear Sir/Madam,

- Sub** : Certificate on adequacy and accuracy of disclosure of information in Abridged Prospectus of Shahlon Silk Industries Limited
- Ref** : 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 and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

Dear Sirs,

We, Mark Corporate Advisors Private Limited, refer to our engagement letter dated July 04, 2018 for the purpose of certifying the adequacy and accuracy of disclosure of information pertaining to merger by Absorption of "FFL" with "SSIL" with their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules made thereunder.

Regulatory Requirement

SEBI vide its circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("SEBI Circular) prescribed requirements to be fulfilled by the listed entities when they propose a Scheme of Arrangement. The SEBI Circular, amongst other things, provide that in the event a listed entity enters into a Scheme of Arrangements with an unlisted entity, the listed entity shall disclose to its shareholders applicable information pertaining to the unlisted entity in the format specified for Abridged Prospectus as provided in Part E of Schedule VI of SEBI (Issue of Capital and Disclosure Requirements) ("ICDR") Regulations, 2018 (*erstwhile Part D of schedule VIII of SEBI (ICDR) Regulations, 2009*).

We, the Merchant Banker to the above mentioned offer, state and confirm that:

- We have examined various documents and other materials in connection with finalization of disclosure of information pertaining to Shahlon Silk Industries Limited ("Abridged Prospectus") which will be circulated to the members at the time of seeking their consent to the proposed Scheme of merger by Absorption of FFL by SSIL as a part of explanatory statement to the notice .
- On the basis of such examination and the discussions with the management of SSIL, its directors, others officers, other agencies and on independent verification of contents of Abridged Prospectus and other paper furnished to us; we state that:
 - ❖ The Information contained in the Abridged Prospectus dated January 29, 2019 is in conformity with the relevant documents, materials and other papers related to SSIL.



MARK CORPORATE ADVISORS PVT. LTD.

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GSTIN/UIN : 27AAF5379J1ZY

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MARK
CORPORATE ADVISORS

- ❖ The Abridged Prospectus contains applicable information pertaining to as required in terms of SEBI Circulars which, in our view are fair, adequate and accurate to enable the members to make a well informed decision on the proposed Scheme of merger by absorption of Fairdeal Filaments Limited ("Transferor Company") by Shalton Silk Industries Limited ("Transferee Company").

Disclaimer and Limitation:

- This certificate is a specific purpose certificate issued in terms of and in compliance with SEBI circular and hence it should not be used for any other purpose or transaction.
- This certificate is issued on the basis of examination of information and documents provided by Shalton Silk Industries Limited and information which is available in the public domain and wherever required, the appropriate representation from Shalton Silk Industries Limited has also been obtained.
- We shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly out of the use of or reliance on the information set out here in this report.
- Our opinions is not nor should it be constructed as our opining or certifying the compliance of the proposed Scheme of merger with the provision of any law including companies, taxation, capital market, related laws or as regards any legal implications or issues arising thereon, in their respective jurisdiction.

For Mark Corporate Advisors Private Limited



Rajendra Kanoongo
Jt. Managing Director

Place: Mumbai

MARK CORPORATE ADVISORS PVT. LTD.

CIN No : U67190MH2008PTC181996

GSTIN/UIN : 27AAF5379J1ZY

404/1, The Summit Business Bay, Sant Janabai Road, (Service Lane), Off. W. E. Highway, Vile Parle (E), Mumbai - 400 057
Tele : +91 22 2612 3207 Fax : +91 22 2612 3208 Web : www.markcorporateadvisors.com E-mail : info@markcorporateadvisors.com

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.com

Website: 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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ABRIDGED PROSPECTUS

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 FFI, 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 Nomince of Lotus Marketing, Mahendra Raichand Shah, Dipan Jayantilal Shah, Kanchan Dhirajlal Shah, Harsh Mahendra Shah, Danyanti Jayantilal Shah, Meena Mahendra Shah,

Shah



ABRIDGED PROSPECTUS

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

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(Handwritten Signature)



ABRIDGED PROSPECTUS

	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. Shares held	%		No. Shares held	%
1.	Promoter/ Group	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



ABRIDGED PROSPECTUS

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 OUTSTANDING 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 paisa 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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ABRIDGED PROSPECTUS

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

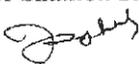
ANY OTHER IMPORTANT INFORMATION AS PER THE TRANSFEREE COMPANY

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



Annexure J
Resolutions



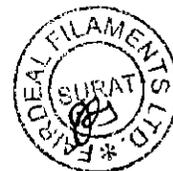
CERTIFIED TRUE COPY OF THE RESOLUTIONS PASSED BY THE BOARD OF DIRECTORS OF FAIRDEAL FILAMENTS LIMITED AT THEIR MEETING HELD AT 11:45 AM ON WEDNESDAY, AUGUST 22, 2018 AT REGISTERED OFFICE OF THE COMPANY SITUATED AT 3RD FLOOR, DAWER CHAMBERS, NR. SUB-JAIL, RING ROAD, SURAT-395002

APPROVAL OF DRAFT SCHEME OF AMALGAMATION AND RELATED MATTERS:

The Chairman briefed the Board of Directors of the Company (the "Board") about the resolution passed on 14/07/2018 wherein the Board had considered the consolidation of certain business activities of the group entities on basis of the opinion provided by M/s. Kannaujiya & Co., Cost Accountants, Surat, *vide* report dated 26/06/2018. The Board pursuant to said report *in principle* discussed and approved the proposal of Scheme of merger by Absorption of the Company by Shahlon Silk Industries Limited ("SSIL"), a company incorporated under the Companies Act, 1956 and having its registered office at 91, G.I.D.C., Khatodara, B/H.: Sub-Jail, Ring Road, Surat, Gujarat 395002, India ("*Scheme*"), subject to the approval of the draft Scheme by the Board. The Board also appointed various consultants and advisors to carry out the aforesaid process of merger.

The Chairman further informed the Board the aforesaid consolidation by way of a merger of the Company with SSIL will lead to synergies of operation and stronger and wider capital and financial base for future growth/expansion. The merged entity will incur lower cost of business thereby increasing the efficiency and providing the merged entity with a higher bargaining power.

The Chairman placed before the Board the (i) draft Scheme of Merger by Absorption, prepared by M/s. Rajani Associates, Solicitors; (ii) the Valuation Report dated August 17, 2018 prepared by CNK & Associates LLP in relation to the shares to be issued by SSIL to the shareholders of the Company pursuant to the Scheme; (iii) the Fairness Opinion issued by Mark Corporate Advisors Private Limited on the said Valuation Report; and (iv) Report explaining the effect of the scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders as required under the Companies Act 2013.



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Near Sub Jail, Ring Road,
Surat-395 002, Gujarat, INDIA.

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CIN : L17110GJ1990PLC013771
E-mail : info@shahlon.com
Web : www.shahlon.com

The Chairman further informed the Board that a meeting of the Audit Committee of the Board was held on August 22, 2018 in order to consider the draft Scheme. The members of the Audit Committee found the proposed Scheme to be in the best interest of the Company and its shareholders, creditors and other stakeholders and recommended the draft Scheme to the Board of Directors of the Company.

The Chairman informed the Board that the Chartered Accountants, CNK & Associates LLP had determined the share exchange ratio to be 1:1 i.e. 1 (one) equity share of Rs.10 each credited as fully paid up in SSIL for every 1 (one) equity share of Rs.10 each fully paid up held by them in the Company on basis of the valuation of the assets and liabilities of the Company carried out by them as provided in their report.

However, after detailed deliberation and discussions the Board for the benefit of the public shareholders of the Company have proposed to marginally reduce the valuation of SSIL by issuing additional shares to the members of the Company in the ratio of 1:0.90 i.e. 1 (one) equity share of Rs.10 each credited as fully paid up in SSIL for every 0.90 (point ninety) equity share held by them in the Company. This will lead to additional allotment of shares of SSIL, which would in turn would increase the public shareholding in SSIL to approximately 26.94% of total issued and paid-up share capital of SSIL post Scheme coming into effect as against 25.19%, and thus consequently, reducing the consolidated promoter shareholding of SSIL and the Company.

The Chairman further informed the Board that as a thankful gesture, and for the benefit of the public shareholders of the Company, despite of the 1:1 ratio determined by the Chartered Accountants, CNK & Associates LLP and Fairness Opinion, the Board has recommended that SSIL shall propose to issue and allot shares of SSIL to the shareholders of the Company pursuant to the Scheme in the aforesaid ratio of 1:0.90 instead of 1:1 as contemplated in valuation report.

The Chairman placed before the Board, the Audit Committee Report dated 22/08/2018 recommending the Scheme.

The Board, after discussion, passed the following resolution in this regard:

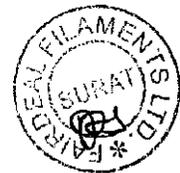
"RESOLVED THAT pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 along with the rules and regulations issued



thereunder, including any statutory modifications, re-enactments or amendments made thereto from time to time, subject to the Memorandum of Association and Articles of Association of the Company, approval from Bombay Stock Exchange Limited ("BSE"), approval from Securities and Exchange Board of India (the "SEBI"), approval from the members of the Company, approval from its creditors and subject to the sanction of the National Company Law Tribunal ('NCLT') constituted under the Companies Act, 2013, and subject to the approval of any other statutory or governmental authorities, the Draft Scheme of Merger of Absorption of the Company, by Shahlon Silk Industries Limited a company incorporated under the Companies Act, 1956 and having its registered office at 91, G.I.D.C., Khatodara, B/H.: Sub-Jail, Ring Road, Surat in the State of Gujarat ("SSIL") and their respective shareholders and creditors ("*Scheme*") placed before the Board and initialled by the Chairman for the purpose of identification be and is hereby approved subject to changes in Clause 8 of the Scheme with the revised Clause 8 as set out below:

"Upon the Scheme coming into effect and without any further act or deed on the part of SSIL, SSIL will, in consideration of transfer and vesting of FFL into SSIL in terms of this Scheme, issue 67,22,222 (Sixty seven lakhs twenty two thousand two hundred twenty two only) equity shares of Rs.10 each (the "New Shares") to the registered fully paid-up equity shareholders of FFL in the ratio of 1:0.90, i.e. 1 (one) equity share of Rs.10 each credited as fully paid up in SSIL for every 0.90 (point ninety) equity share of Rs.10 each fully paid up held by them in FFL (the "New Shares Entitlement Ratio"). The New Shares will be issued in the New Shares Entitlement Ratio to registered fully paid-up equity shareholders of FFL whose names are recorded in the register of equity shareholders of FFL on the Record Date."

RESOLVED FURTHER THAT the Company do take further steps for obtaining the requisite approvals of the shareholders and the creditors of the Company and other regulatory authorities and persons, whose consent is required under law for the Scheme and for that purpose to initiate all necessary actions including seeking appropriate directions from the NCLT for either dispensing with the requirement of convening meetings of the shareholders and/or creditors of the Company or convening the meeting of the shareholders and/or creditors of the Company and other concerned persons / parties and to take all other consequential steps in that behalf, including the preparation and circulation of the notices and explanatory statements, and filing of all other documents required to be filed in this connection.



RESOLVED FURTHER THAT for the purpose of the Scheme and for determining the share exchange ratio, the Valuation Report prepared by CNK & Associates LLP and Fairness Opinion issued by Mark Corporate Advisors Private Limited on the said Valuation Report, submitted to the meeting and signed by the Chairman of the meeting for the purpose of identification, be and is hereby approved subject to modification as stated as hereinabove in respect to share exchange ratio.

RESOLVED FURTHER THAT Report of the Audit Committee dated 22/08/2018 recommending the draft Scheme for favourable consideration and approval by the Board, be and is hereby approved for submission to the BSE and SEBI in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") and circulars and regulations issued by SEBI thereunder.

RESOLVED FURTHER THAT upon sanction of the said Scheme by the NCLT and upon the Scheme becoming effective, without any further act or deed on the part of SSIL, SSIL will, in aggregate, issue and allot 67,22,222 (*Sixty Seven Lacs Twenty Two Thousand Two Hundred Twenty Two Only*) equity shares of Rs. 10 each (the "New Shares") to registered fully paid-up equity shareholders of the Company, whose names are recorded in the register of equity shareholders of the Company on the Record Date, as decided by the Board in the ratio of 1:0.90 i.e. 1 (*one*) equity share of Rs.10 each credited as fully paid up in SSIL for every 0.90 (*point ninety*) equity share of Rs.10 each fully paid up held by the shareholders in the Company and Clause 8.1 of the draft Scheme shall be modified accordingly.

RESOLVED FURTHER THAT Upon the Scheme coming into effect, the Company shall without any further act or deed, stand dissolved without winding up.

RESOLVED FURTHER THAT Shri Dhirajlal Raichand Shah, Shri Jayantilal Raichand Shah and Shri Arvind Raichand Shah, Directors of the company and/or Shri Jitesh R. Varkal, Company Secretary of the company, be and are hereby jointly/or severally authorised to make such alterations and changes in the Scheme, as may be expedient and necessary for satisfying the requirement(s) or conditions imposed by the NCLT or any other statutory authorities as may be required, provided that prior approval of the Board shall be obtained for making any material changes in the said draft Scheme, as approved in this meeting.

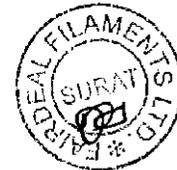


RESOLVED FURTHER THAT the report of the board of directors explaining the effect of the scheme of amalgamation on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders as required to be annexed to the notice and explanatory statement as per section 232(2) of Companies Act 2013, submitted before the meeting, duly initiated by the Chairman of the Meeting for the purpose of identification, and signed on behalf of the Board of Directors of the Company by Shri Dhirajlal Raichand Shah, the Director be and is hereby adopted.

RESOLVED FURTHER THAT the Bombay Stock Exchange Limited will be the designated stock exchange for co-ordinating with SEBI in accordance with the SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, SEBI Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017 and the SEBI Circular no. CFD/DIL3/CIR/2018/2 dated January 03, 2018.

RESOLVED FURTHER THAT the Board do and hereby further authorize any one of the above officials of the Company either jointly/ or severally, to take all such steps in connection with:-

- (a) To verify, sign, deal, swear, affirm, declare, deliver, execute, make, enter into, acknowledge, undertake, record all deeds, declarations, instruments, vakalatnamas, applications, petitions, affidavits, objections, notices and writings whatsoever as may be usual, necessary, proper or expedite and all matter of documents, petitions, affidavits and applications under the applicable laws including Companies Act, 2013 or Companies Act, 1956, as the case may be, and other applicable laws in relation to the aforesaid matter;
- (b) To make necessary applications, petitions, appeals and judges summons to the competent authorities for the purpose for obtaining requisite approvals as and when required before any Court, Tribunal, or statutory authorities;
- (c) To file applications and/ or petitions before the NCLT for the directions for holding the meeting of the shareholders and creditors and for sanction of the Scheme;



- (d) To send notices, explanatory statement and other related documents and to conduct court convened meeting(s) and/or meeting through postal ballot and e-voting as per the applicable laws and/or as per direction of the NCLT;
- (e) Filing of valuation report as prepared by CNK & Associates LLP providing the share exchange ratio in respect of the aforesaid Scheme and Fairness Opinion issued by issued by Mark Corporate Advisors Private Limited;
- (f) File the Scheme of Amalgamation with the BSE and SEBI and to obtain approval under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (g) To file requisite undertaking, affidavit, certificates or other documents and/or liaise with SEBI, BSE, the Regional Director, Registrar of Companies, Stamp Authorities, Sub Registrar of Assurances, Official Liquidator, income tax authorities or any other governmental authorities in connection with the proposed Scheme during the process of sanction thereof and during the implementation of the Scheme after sanction of the Scheme;
- (h) To make necessary applications, petitions, appeals and judges summons to the competent authorities for the purpose for obtaining requisite approvals including in principle approvals as and when required before any Court, Tribunal, BSE, SEBI or statutory authorities as may be required for the purpose of sanction and/ or implementation of the Scheme;
- (i) To engage M/s. Rajani Associates, Solicitors and Nanavati Associates, Ahmedabad and any counsel/advocate on record appointed by them, and any other advisors, counsels, consultant firms to advise and represent the Company before competent authorities etc.;
- (j) To appoint and settle the terms of the appointment of rating agencies, merchant bankers and other intermediaries as may be required for the purpose of implementing the Scheme.
- (k) To make application to BSE, the SEBI and other governmental authorities for listing of the equity shares issued pursuant to the aforesaid Scheme;

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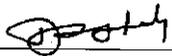


- (l) To affix the common seal of the Company on such deeds, documents, agreements, undertakings, letters, writings, etc. from time to time (including any modifications thereto) or any such other documents in connection with the purpose of above resolutions as may be required and in accordance with the provisions of the Articles of Association of the Company;
- (m) To make such alterations and changes and/ or modifications in the aforesaid applications and/ or petitions as may be expedient and necessary for satisfying the requirements and conditions imposed if any, by the court or any authority;

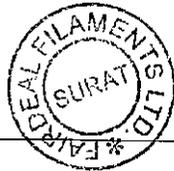
and do all such acts, deeds, matters and things as may be necessary, proper and expedient for effectuating and implementing the above decision, including any directions for settling any question or doubt or difficulty whatsoever that may arise to give effect to the aforesaid resolutions, including the execution of any document(s) that may be deemed fit.

RESOLVED FURTHER THAT the copy of the aforesaid resolutions certified to be true by any Director or Authorised Signatory of the Company and the same be submitted to the concerned authorities and they be requested to act thereon."

Certified True Copy
For Fairdeal Filaments Limited



Dhirajlal Raichand Shah
Director
DIN No. 00010480



CERTIFIED TRUE COPY OF THE RESOLUTIONS PASSED BY THE BOARD OF DIRECTORS OF SHAHLON SILK INDUSTRIES LIMITED AT THEIR MEETING HELD AT 3 P.M. ON WEDNESDAY, AUGUST 22, 2018 AT REGISTERED OFFICE OF THE COMPANY SITUATED AT 91 G.I.D.C., KHATODARA, B/H. SUB-JAIL, RING ROAD, SURAT-395002.

APPROVAL OF PROPOSED MERGER AND RELATED MATTERS:

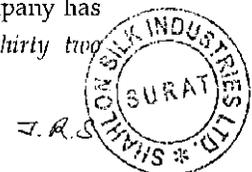
The Chairman briefed the Board of Directors of the Company (the "Board") about the proposed merger of Fairdeal Filaments Limited, a listed company incorporated under the Companies Act, 1956 and having its registered office situated at 3rd Floor, Dawer Chambers, Near Sub-Jail, Ring Road, Surat 395 002 in the State of Gujarat ("FFL") with the Company by the way of a Scheme of Merger by absorption under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules and regulations made thereunder including any statutory modifications, re-enactments or amendments made thereto from time to time (the "Scheme").

The Chairman further informed the Board the aforesaid consolidation by way of a merger of FFL with the Company will lead to synergies of operation and stronger and wider capital and financial base for future growth/expansion. The merged entity will incur lower cost of business thereby increasing the efficiency and providing the merged entity with a higher bargaining power.

The Chairman informed the Board that FFL and the Company are largely engaged in similar activities i.e. manufacturing of fabric on water jet looms. In addition to the above, the Company is also involved in manufacturing of fabric on air jet looms and rapier looms, which will be beneficial for FFL and its shareholders pursuant to the Scheme coming into effect.

The Chairman further informed the Board that FFL and the Company both are the agents for Reliance Industries Limited in relation to sale of yarn product and thus, business of FFL and the Company are complementary in nature and consolidation of business will be beneficial for both the companies and their shareholders.

The Chairman further informed the Board that as on March 31, 2018, the Company has a net worth of Rs.61,71,32,000 (*Rupees sixty one crores seventy one lakhs thirty two*



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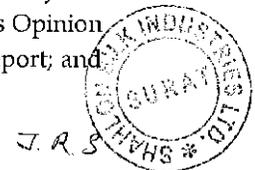
thousand) and FFL has a net worth of Rs. 19,16,98,000 (Rupees nineteen crores sixteen lakhs ninety eight thousand). The combined entity will have net worth of around Rs.80,65,90,000 (Rupees eighty crores sixty five lakhs ninety thousand) which will enable the merged entity with more negotiation power for debt finance considering its size and financial strength further the merged entity will have option of equity financing.

The Chairman further informed the Board that, both FFL and the Company have manufacturing of grey fabric and texturizing / various yarn value addition activities of FFL and the Company are located at Block number 297 /298 of Limodara Patiya, Village: Karanj, Taluka Mandvi, District: Surat and both the companies share the common entrance gate at Fairdeal Textile Park, Village: Mahuvej, Taluka Mangrol, District: Surat, the Company has manufacturing facilities for manufacturing of various yarns, grey fabric at Block no. 692/A and FFL has its proposed factory site also located just adjacent to the Company on Block number 692/A. Both the companies have their administrative office located at 3rd Floor Dawer Chambers, Nr. Sub-Jail, Ring Road, Surat which is partly owned by FFL and partly by the Company. As major of the manufacturing sites of FFL are adjacent to/together with the Company, this merger would lead to synergic benefits, efficiency of operations and management, rapid growth of the entity, optimum utilization of its resources and minimization of the administrative and operative costs.

The amalgamation will result in economy of scale and reduction in overheads, administrative, managerial and other expenditure, operational rationalisation, organisational rationalisation, efficiency, optimal utilisation of various resources and will bring both the entities under one roof to portray one face to all the parties with whom the group deals.

The Chairman further informed the Board, that in view of feasible consolidation of the businesses/undertakings of FFL and the Company and other synergic, administrative, operational advantages the amalgamation should take effect from April 1, 2018.

The Chairman placed before the Board the (i) draft Scheme of Merger by Absorption, prepared by M/s. Rajani Associates, Solicitors; (ii) the Valuation Report dated August 17, 2018 prepared by CNK & Associates LLP in relation to the shares issued by the Company to the shareholders of FFL pursuant to the Scheme; (iii) the Fairness Opinion issued by Mark Corporate Advisors Private Limited on the said Valuation Report; and



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(iv) Report explaining the effect of the scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders as required under the Companies Act 2013.

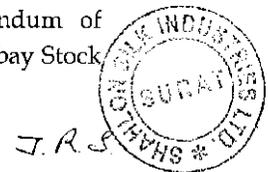
The Chairman informed the Board that the Chartered Accountants, CNK & Associates LLP and Fairness Opinion issued by Mark Corporate Advisors Private Limited had determined/confirmed the share exchange ratio to be 1:1 i.e. 1 (*one*) equity share of Rs.10 each credited as fully paid up in the Company for every 1 (*one*) equity share of Rs.10 each fully paid up held by them in FFL on the basis of the valuation of the assets and liabilities of the Company.

However, the Board of Directors of FFL after detailed deliberations in their meeting dated August 22, 2018, for the benefit of the public shareholders of FFL proposed to marginally reduce the valuation of the Company by issuing additional shares to the members of FFL in form of revised ratio of 1:0.90 i.e. 1 (*one*) equity share of Rs.10 each credited as fully paid up in the Company for every 0.90 (*point ninety*) equity share held by them in FFL. This will lead to additional allotment of shares of the Company, which would in turn increase the public shareholding in the Company to approximately 26.94% of total issued and paid-up share capital of the Company post Scheme coming into effect as against 25.19%, and thus consequently, reducing the consolidated promoter shareholding of FFL and the Company.

The Board deliberated on recommendation of Board of Directors of FFL on aforesaid revised share exchange ratio. After deliberation between the Board of Directors of the Company, the Board proposes to concur to recommendation of Board of Directors of FFL and proposes to issue and allot additional shares of the Company to the shareholders of FFL pursuant to the Scheme in the aforesaid ratio of 1:0.90 instead of 1:1 as recommended in the valuation report.

The Board, after discussion, passed the following resolution in this regard:

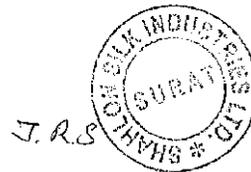
"RESOLVED THAT pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 along with the rules and regulations issued thereunder, including any statutory modifications, re-enactments or amendments made thereto from time to time, subject to the Memorandum of Association and Articles of Association of the Company, approval from Bombay Stock



Exchange Limited ("BSE"), approval from Securities and Exchange Board of India (the "SEBI"), approval from the members of the Company, approval from its creditors and subject to the sanction of the National Company Law Tribunal ("NCLT") constituted under the Companies Act, 2013, and subject to the approval of any other statutory or governmental authorities, the Draft Scheme of Merger of Absorption of Fairdeal Filaments Limited, a listed company incorporated under the Companies Act, 1956 and having its registered office situated at 3rd Floor, Dawer Chambers, Near Sub-Jail, Ring Road, Surat 395 002 in the State of Gujarat ("FFL") by the Company and their respective shareholders ("Scheme") placed before the Board and initialled by the Chairman for the purpose of identification be and is hereby approved subject to changes in Clause 8 of the Scheme with the revised Clause 8as set out below:

"Upon the Scheme coming into effect and without any further act or deed on the part of SSIL, SSIL will, in consideration of transfer and vesting of FFL into SSIL in terms of this Scheme, issue 67,22,222 (Sixty Seven Lacs Twenty Two Thousand Two Hundred Twenty Two Only)equity shares of Rs.10 each (the "New Shares") to the registered fully paid-up equity shareholders of FFL in the ratio of 1:0.90, i.e. 1 (one) equity share of Rs.10 each credited as fully paid up in SSIL for every 0.90 (point ninety) equity share of Rs.10 each fully paid up held by them in FFL (the "New Shares Entitlement Ratio"). The New Shares will be issued in the New Shares Entitlement Ratio to registered fully paid-up equity shareholders of FFL whose names are recorded in the register of equity shareholders of FFL on the Record Date."

RESOLVED FURTHER THAT the Company do take further steps for obtaining the requisite approvals of BSE, SEBI and the shareholders and the creditors of the Company and other regulatory authorities and persons, whose consent is required under law for the Scheme and for that purpose to initiate all necessary actions including seeking appropriate directions from the NCLT for either dispensing with the requirement of convening meetings of the shareholders and/or creditors of the Company or convening the meeting of the shareholders and/or creditors of the Company and other concerned persons / parties and to take all other consequential steps in that behalf, including the preparation and circulation of the notices and explanatory statements, and filing of all other documents required to be filed in this connection.



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RESOLVED FURTHER THAT for the purpose of the Scheme and for determining the share exchange ratio, the Valuation Report prepared by CNK & Associates LLP and the Fairness Opinion issued by Mark Corporate Advisors Private Limited on the said Valuation Report, submitted to the meeting and signed by the Chairman of the meeting for the purpose of identification, be and is hereby approved subject to modification as stated as hereinabove in respect to share exchange ratio.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 230-232 read with Sections 66 and other applicable provisions of the Companies Act, 2013, along with rules and regulations issued thereunder, including, any statutory modifications, re-enactments or amendments made thereto from time to time, subject to the Memorandum of Association and Articles of Association of the Company, approvals from the BSE, the SEBI, the members of the Company, its creditors and subject to the sanction of the National Company Law Tribunal, constituted under the Companies Act, 2013, as the case may be and subject to approval of any other statutory or governmental authorities as may be required, upon the Scheme coming into effect, all the equity shares of the Company held by FFL being, 16,000 equity shares of Rs.10 each of the Company, shall stand cancelled and extinguished on and from the Effective Date as an integral part of the Scheme and accordingly, the share certificates in respect of the aforesaid equity share in the Company held by FFL shall also stand cancelled and shall be deemed to be cancelled without any further act or deed.

RESOLVED FURTHER THAT that the Directors of the company and/ or Shri Hitesh K. Garmora, Company Secretary of the company, be and are hereby jointly/ or severally authorised to make such alterations and changes in the Scheme, as may be expedient and necessary for satisfying the requirement(s) or conditions imposed by the NCLT, BSE, SEBI or any other statutory authorities as may be required, provided that prior approval of the Board shall be obtained for making any material changes in the said draft Scheme, as approved in this meeting.

RESOLVED FURTHER THAT that the Directors of the company and/ or Shri Hitesh K. Garmora, Company Secretary of the company, be and are hereby jointly/ or severally authorised to do, or cause to be done all such acts, deeds and things, and/or file all such documents, as may be necessary for the transfer of the assets and liabilities

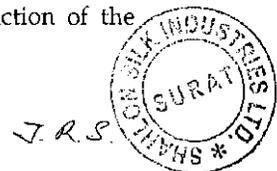


of FFL into the Company upon the Scheme coming into effect, including but not limited to intimation to financial institutions, creditors and debtors of FFL regarding the merger, application to the concerned governmental authorities or third party for transfer of all approvals and licenses in name of the Company, to enter into agreements with any party to any contract or arrangements to which FFL was party to or any writing as may be necessary to effect the transfer of the rights and interest therein in the name of the Company and such other things as may be required.

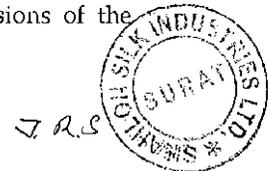
RESOLVED FURTHER THAT the report of the board of directors explaining the effect of the scheme of amalgamation on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders as required to be annexed to the notice and explanatory statement as per section 232(2) of Companies Act 2013, submitted before the meeting, duly initialed by the Chairman of the Meeting for the purpose of identification, and signed on behalf of the Board of Directors of the Company by Shri Jayantilal Raichand Shah, the Director be and is hereby adopted.

RESOLVED FURTHER THAT the Board do and hereby further authorize any one of the above officials of the Company either jointly/ or severally, to take all such steps in connection with:-

- (a) To verify, sign, deal, swear, affirm, declare, deliver, execute, make, enter into, acknowledge, undertake, record all deeds, declarations, instruments, vakalatnamas, applications, petitions, affidavits, objections, notices and writings whatsoever as may be usual, necessary, proper or expedite and all matter of documents, petitions, affidavits and applications under the applicable laws including Companies Act, 2013 or Companies Act, 1956, as the case may be, and other applicable laws in relation to the aforesaid matter;
- (b) To make necessary applications, petitions, appeals and judges summons to the competent authorities for the purpose for obtaining requisite approvals as and when required before any Court, Tribunal, or statutory authorities;
- (c) To file applications and/ or petitions before the NCLT for the directions for holding the meeting of the shareholders and creditors and for sanction of the Scheme;



- (d) Filing of valuation report as prepared by CNK & Associates LLP providing the share exchange ratio in respect of the aforesaid Scheme and Fairness Opinion issued by Mark Corporate Advisors Private Limited.
- (e) To make necessary applications, petitions, appeals and judges summons to the competent authorities for the purpose for obtaining requisite approvals including in principle approvals and/ or implementation of the Scheme as and when required before any Court, Tribunal, BSE, SEBI or statutory authorities;
- (f) To file requisite undertaking, affidavit, certificates or other documents and/ or liaise with the SEBI, the BSE, Regional Director, Registrar of Companies, Stamp Authorities, Sub Registrar of Assurances, Official Liquidator, income tax authorities or any other governmental authorities in connection with the proposed Scheme during the process of sanction thereof and during the implementation of the Scheme after sanction of the Scheme;
- (g) To appoint and settle the terms of the appointment of rating agencies, merchant bankers and other intermediaries as may be required for the purpose of implementing the Scheme;
- (h) To make application to BSE, the SEBI and other governmental authorities for listing of the equity shares issued pursuant to the aforesaid Scheme;
- (i) To make necessary applications to various statutory authorities, as may be required for the purpose of sanction and/ or implementation of the Scheme;
- (j) To engage M/s. Rajani Associates, Solicitors, Mumbai and Nanavati Associates, Ahmedabad and any other advisors, counsels, consultant firms to advise and represent the Company before competent authorities etc.;
- (k) To affix the common seal of the Company on such deeds, documents, agreements, undertakings, letters, writings, etc. from time to time (including any modifications thereto) or any such other documents in connection with the purpose of above resolutions as may be required and in accordance with the provisions of the Articles of Association of the Company;

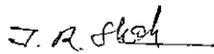


- (l) To make such alterations and changes and/ or modifications in the aforesaid applications and/ or petitions as may be expedient and necessary for satisfying the requirements and conditions imposed if any, by the court or any authority;
- (m) Engage/ appoint any lawyers (M/s. Rajani Associates, Solicitors)/ consultant/ advisors etc. for the purpose of filing of the applications and/ or petitions before the National Company Law Tribunal or any authority and any other matters incidental thereof;

and do all such acts, deeds, matters and things as may be necessary, proper and expedient for effectuating and implementing the above decision, including any directions for settling any question or doubt or difficulty whatsoever that may arise to give effect to the aforesaid resolutions, including the execution of any document(s) that may be deemed fit.

RESOLVED FURTHER THAT the copy of the aforesaid resolutions certified to be true by any Director or Authorised Signatory of the Company and the same be submitted to the concerned authorities and they be requested to act thereon."

Certified True Copy
For Shahlon Silk Industries Limited



Jayantilal Raichand Shah
Director
DIN No. 00010470



**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL BENCH, AT AHMEDABAD
COMPANY SCHEME APPLICATION NO. 8 OF 2019**

In the matter of the Companies Act, 2013;
And
In the matter of Sections 230 to 232 of the Companies Act, 2013;
And
In the matter of Scheme of Merger by absorption of Fairdeal
Filaments Limited ("**FFL**" or "**Transferor Company**") by Shahlon
Silk Industries Limited ("**SSIL**" or "**Transferee Company**");
And
their respective shareholders and creditors.

Fairdeal Filaments Limited ... Applicant Company/ Transferor Company/ FFL

FORM OF PROXY

I/We, the undersigned member(s) of the Applicant Company hereby appoint Mr./Ms. _____ and failing him / her Mr./Ms. _____ of as my / our proxy, to act for me / us at the meeting of the Equity Shareholders of the Applicant Company to be held on the Monday, 11th of March, 2019 at 3rd Floor, Dawer Chambers, Nr. Sub Jail, Ring Road, Surat -395002 in the State of Gujarat at 11 a.m. or so soon thereafter for the purpose of considering and, if thought fit, approving, with or without modification(s), the Scheme of Merger by absorption of Fairdeal Filaments Limited ("**FFL**" or "**Transferor Company**") by Shahlon Silk Industries Limited ("**SSIL**" or "**Transferee Company**") and their respective shareholders and creditors and at such meeting and at any adjournment or adjournments thereof, to vote, for me / us / and in my / our name _____ (*here, if for, insert 'for'; if against, insert 'against', and in the latter case, strike out the words below after 'Scheme'*) the said Scheme, either with or without modification(s)*, as my / our proxy may approve.

*Strike out what is not necessary.

Dated this _____ day of _____ 2019

Name : _____

Address : _____

Signature of Member : _____

Signature of Proxy : _____

Notes :

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. The proxy need not be a member of the applicant company.
3. Please complete all details including details of member(s) before submission.
4. All alterations made in the Form of Proxy should be initialed.
5. In case of multiple proxies, the proxy later in time shall be valid and accepted.



FAIRDEAL FILAMENTS LIMITED

CIN - L17110GJ1990PLC013771

Regd. Office : 3rd Floor, Dawer Chambers, Near Sub-Jail, Ring Road, Surat 395 002 in the State of Gujarat

ATTENDANCE SLIP

I hereby record my presence at the meeting of the Equity Shareholders of the Applicant Company, convened pursuant to the Order dated January 24, 2019 of the Hon'ble National Company Law Tribunal at the registered office of the Applicant Company at 3rd Floor, Dawer Chambers, Near Sub-Jail, Ring Road, Surat 395 002 in the State of Gujarat, India on Monday, 11th day of March, 2019 at 11 am.

Name and Address of the Equity Shareholder	
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Signature of Member _____

E-mail address _____

NAME AND ADDRESS OF THE PROXY

(in block letters, to be filled in by the proxy attending instead of the Equity Shareholder):

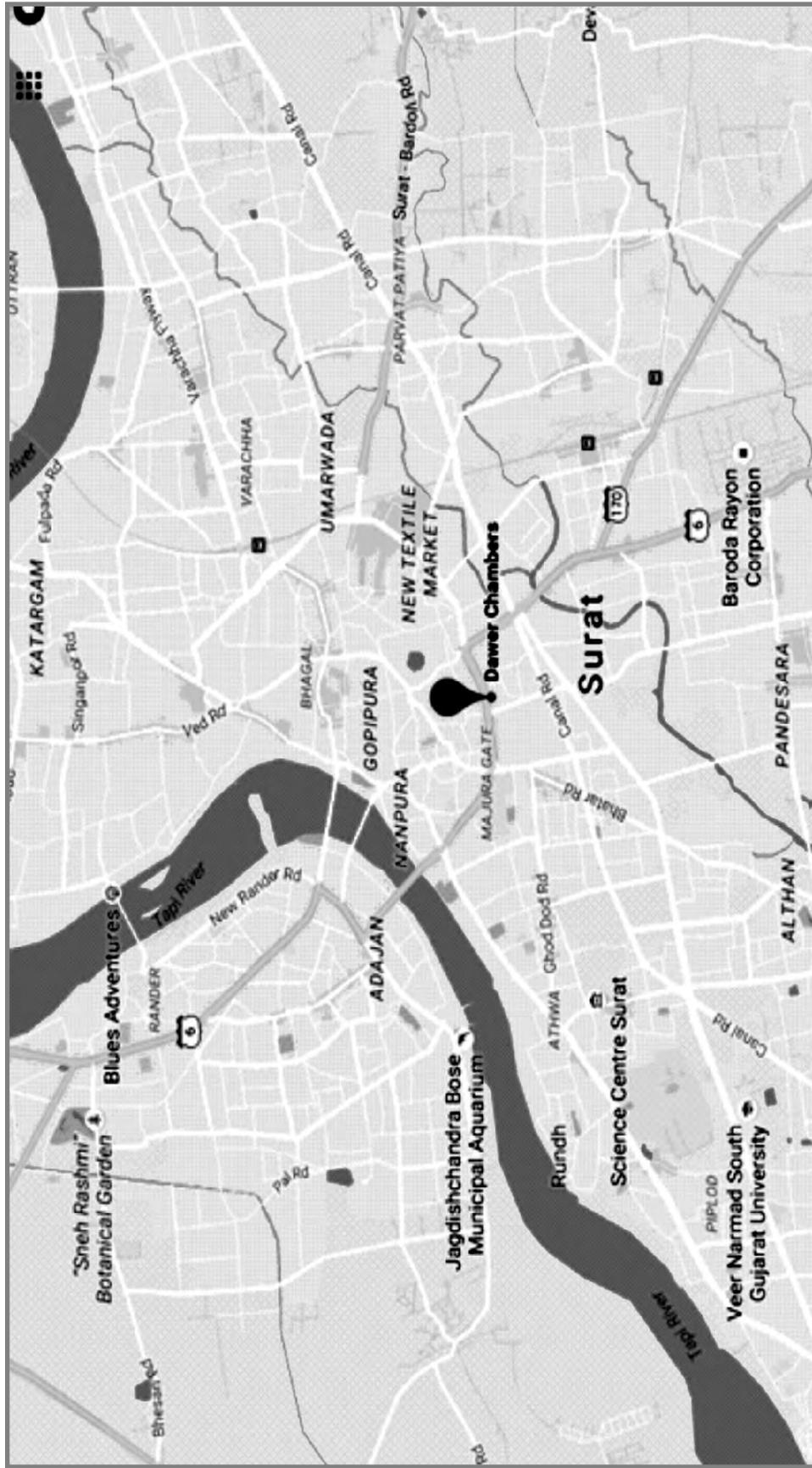
Name and Address of the Equity Shareholder	

Signature of Equity Shareholder _____

E-mail address _____

Notes :

1. Equity Shareholder/proxies are requested to bring this slip with them. Duplicate slips will not be issued at the entrance of the venue of the meeting.
2. Equity Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.
3. The proxy form must be deposited so as to reach the Registered Office of the Applicant Company not less than FORTY-EIGHT HOURS BEFORE THE TIME OF THE meeting.



Source : Google

--: VENUE :-

Fairdeal Filaments Ltd.

3rd Floor, Dawer Chamber, Near Sub Jail, Ring Road, Surat, Gujarat 395002, India.



FAIRDEAL FILAMENTS LIMITED

CIN - L17110GJ1990PLC013771

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Web Site : www.shahlon.com Email Id : info@shahlon.com

Contact No. : +91 261 4190200, Fax : +91 261 2635550

POSTAL BALLOT FORM

- 1 Name(s) of Member(s)/Beneficial Owner(s) :
(in block letters) (including joint holders, if any)
- 2 Registered address of the sole/first named Member(s)/ beneficial owner(s) :
- 3 Registered folio No./DP ID No./Client ID No*. (*Applicable to investors holding shares in dematerialized form) :
- 4 Number of shares held :

I/We hereby exercise my / our vote in respect of the Resolution(s) to be passed through postal ballot for the business stated in the Notice of Postal Ballot issued by the Company dated 1st February, 2019 by sending my / our assent / dissent to the said resolution by placing the tick (α) mark at the appropriate box below:

Particulars	Vote Exercised FOR	Vote Exercised AGAINST
<p>APPROVAL OF THE SCHEME</p> <p>"RESOLVED THAT pursuant to the provisions of Sections 230 to 232 and other applicable provisions if any of the Companies Act, 2013, to the extent still applicable provisions of the Companies Act, 1956, along with the rules and regulations issued thereunder, including any statutory modification(s), re-enactment(s) or amendment(s) made thereto from time to time, subject to the Memorandum of Association and Articles of Association of the Company, approval from the members of the Company, approval from its creditors and subject to the sanction of the National Company Law Tribunal ('NCLT') constituted under the Companies Act, 2013, and subject to the approval of any other statutory or governmental authorities, the Draft Scheme of Merger by absorption of Fairdeal Filaments Limited (the "Company") by Shahlon Silk Industries Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office situated at 91, G.I.D.C., Khatodara, B/H.: Sub-Jail, Ring Road, Surat, Gujarat 395002, India ("SSIL") and their respective shareholders and creditors ("Scheme") which is placed before the meeting and initialed by the Chairman for the purpose of identification, be and is hereby approved.</p> <p>RESOLVED FURTHER THAT upon sanction of the said Scheme by the NCLT and upon the Scheme becoming effective, without any further act or deed on the part of SSIL, SSIL will, in aggregate, issue and allot 67,22,222 (Sixty seven lakhs twenty two thousand two hundred twenty two only) equity shares of Rs.10 each (the "New Equity Shares") to the registered fully paid-up equity shareholders of the Company, whose names are recorded in the register of equity shareholders of the Company on the Record Date, in the ratio of 1:0.90 i.e. 1 (one) equity share of Rs.10 each credited as fully paid up in SSIL for every 0.90 (zero point ninety) equity shares of Rs.10 each fully paid up in the Company.</p> <p>RESOLVED FURTHER THAT Upon the Scheme coming into effect, the Company shall without any further act or deed, stand dissolved without winding up.</p> <p>RESOLVED FURTHER THAT Mr. Dhirajlal Raichand Shah and Mr. Jayantilal Raichand Shah, the Directors of the Company and/ or Authorised Signatories of the Company, be and are hereby jointly and severally authorised to make such alterations and changes in the Scheme, as may be expedient and necessary for satisfying the requirement(s) or conditions imposed by the NCLT or any other statutory authorities as may be required, provided that prior approval of the Board shall be obtained for making any material changes in the said draft Scheme, as approved in this meeting.</p> <p>RESOLVED FURTHER THAT the Directors of the Company, be and are hereby jointly and severally authorised to do, or cause to be done all such acts, deeds and things, and/or file all such documents, as may be necessary for the sanctioning and implementation of the Scheme."</p>	<input type="checkbox"/>	<input type="checkbox"/>

PLACE :

DATE :

SIGNATURE OF THE SHAREHOLDER
(Please indicate in which capacity the voting is exercised)

INSTRUCTIONS

1. This Postal Ballot Form should be completed and signed by the Equity Shareholder.
2. There will be one Ballot form for every Equity Shareholder.
3. Unsigned Ballot Form will be rejected.
4. The vote should be cast either in favour or against by putting the tick (✓) mark in the column provided for assent or dissent. Postal Ballot Form bearing tick marks in both the columns for "For" and "Against" will render the ballot form invalid.
5. The scrutinizer's decision on the validity of a Ballot will be final.