

SHAHLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

SHAHLON SILK INDUSTRIES LIMITED

CIN:U17120GJ2008PLC053464

(A Public Company Incorporated on 2nd April, 2008 under the Companies Act, 1956)

INFORMATION MEMORANDUM



Shahlon
Silk Industries Ltd.

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

Corporate Office: 3rd Floor Dawer Chambers, Nr. Sub-Jail, Ring Road, Surat – 395002, Gujarat, India

Tel No.: +91 261 2635551-53 & 57 / +91 261 4190200/291; **Email id:** info@shahlon.com

Website: www.shahlon.com ; **CIN:** U17120GJ2008PLC053464

Contact Person: Mr. Hitesh Garmora (Vice President Finance, Company Secretary and Compliance Officer)

Tel: 0261 4190200, **Email:** hitesh.garmora@shahlon.com

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. The Hon'ble National Company Law Tribunal ("NCLT"), Ahmedabad Bench vide its order dated 10th May, 2019 has approved the Scheme of Merger by Absorption of Fairdeal Filaments Limited ("Transferor Company"/ "FFL") by Shahlon Silk Industries Limited ("Transferee Company"/ Resulting Company"/ "SSIL") and their respective shareholders and creditors.

INFORMATION MEMORANDUM FOR LISTING OF 1,78,60,490 EQUITY SHARES OF RS. 10/- EACH FULLY PAID-UP

NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest in the equity shares of Shahlon Silk Industries Limited unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors on page no. 7 carefully before taking an investment decision in the shares of Shahlon Silk Industries Limited. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved.

ABSOLUTE RESPONSIBILITY OF SHAHLON SILK INDUSTRIES LIMITED

Shahlon Silk Industries Limited having made all reasonable enquiries, accepts responsibility for and confirms that this Information Memorandum contains all information with regard to Shahlon Silk Industries Limited, which is material in the context of the issue of shares pursuant to the scheme, that the information contained in the Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares of the Company are proposed to be listed on the BSE Limited (BSE). The Company has submitted this Information Memorandum with BSE. The Information Memorandum would be made available in the website of BSE (www.bseindia.com) and the Transferee Company (www.shahlon.com).

ADDRESS FOR CORRESPONDENCE

REGISTRAR & SHARE TRANSFER AGENT

Bigshare Services Private Limited

SEBI Regn. No.: INR000001385

Address: A/802, Samudra Complex, Near Klassic Gold Hotel,

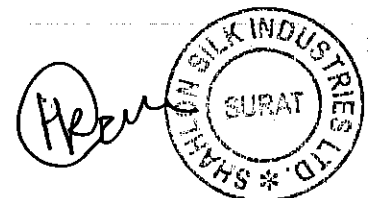
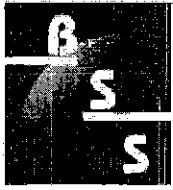
Girish Cold Drinks, Off C.G. Road, Navrangpura, Ahmedabad – 380009, Gujarat

Contact No.: +91 – 79 – 40392571

Contact Person: Mr. Ramesh Nair

E-mail ID: bssahd@bigshareonline.com

Website: www.bigshareonline.com



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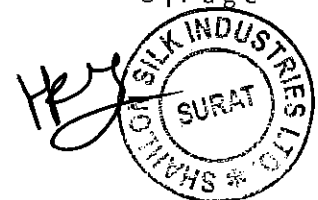


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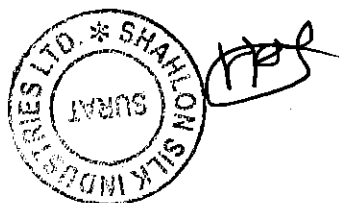
1. DEFINITIONS & ABBREVIATIONS AND INDUSTRY RELATED TERMS

Terms	Description
AGM	Annual General Meeting
Articles/Articles of Association	Articles of Association of Shahlon Silk Industries Limited
AS	Accounting Standards, as issued by the Institute of Chartered Accountants of India
Auditor(s)	Refers to M/s. Rasesh Shah & Associates, Chartered Accountants, Surat (FRN: 108671W) unless otherwise specified.
Board / Board of Directors	Board of Directors of the Company
FFL/ Transferor Company	Fairdeal Filaments Limited
SSIL/ The Company/Resulting Company/ Transferee Company	Shahlon Silk Industries Limited
BSE	BSE Limited
Capital or Share Capital	Share Capital of the Company
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
Chairman	Mr. Dhirajlal Raichand Shah
Transferor Undertaking	<p>Means and includes:</p> <p>i. 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;</p> <p>ii. All debts, liabilities, duties and obligations of FFL, whether fixed, contingent or absolute, as on the commencement of the Appointed Date;</p> <p>iii. Without prejudice to the generality of point (i) and point (ii) above, the Transferor Undertaking shall mean and include:</p> <p>iv. 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 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</p>



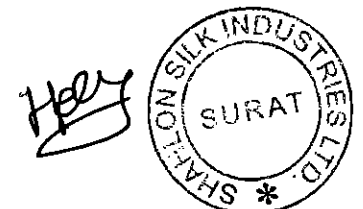
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	<p>depreciation of FFL;</p> <p>v. any license fee with any Governmental Authority that may have been paid by FFL;</p> <p>vi. all intellectual property rights including trademarks, brands, domain names, trade names and the goodwill associated therewith, 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;</p> <p>vii. all employees of FFL;</p> <p>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.</p>
Depositories Act	The Depositories Act, 1996 and amendments thereto
Depository	A Depository registered with SEBI under the SEBI (Depositories & Participants) Regulations, 1996 as amended from time to time.
Designated Stock Exchange/ DSE	The designated stock exchange shall be the BSE Limited
Directors	Directors on the Board of Shahlon Silk Industries Limited
DIN	Director Identification Number
DP	Depository Participant
EGM	Extra-Ordinary General Meeting
EPS	Earnings Per Share
Equity Share(s) or Share(s)	The Equity Share of the Company having a face value of Rs.10/- each fully paid unless otherwise specified in the context thereof.
Equity Shareholder	Holder of Equity Shares of the Company
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FERA	Foreign Exchange Regulation Act, 1973
FI	Financial Institutions
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws
Financial Year/Fiscal/FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated
GOI	Government of India
NCLT	National Company Law Tribunal, Ahmedabad Bench
HUF	Hindu Undivided Family
Industrial Policy	The industrial policy and guidelines issued thereunder by the Ministry of Industry, Government of India, from time to time
IPO	Initial Public Offer
Investor(s)	Shall mean the holder(s) of Equity Shares of the Company as on the Record Date.
Indian GAAP	Generally accepted accounting principles in India
Information Memorandum/IM	This document as filed with the Stock Exchanges
IT Act /Income Tax	The Income Tax Act, 1961 and amendments thereto
ITAT	Income Tax Appellate Tribunal
MCA	Ministry of Corporate Affairs
Memorandum/Memorandum of Association	Memorandum of Association of the Company
Mn	Million
NAV	Net Asset Value
NR	Non Resident
NRI(s)	Non Resident Indian(s)
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited



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OCB	Overseas Corporate Body
Promoter(s)	1. MR. JAYANTILAL RAICHAND SHAH 2. MR. DHIRAJLAL RAICHAND SHAH 3. MR. ARVIND RAICHAND SHAH 4. MR. NITIN RAICHAND SHAH.
Promoter Group	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 Pravinchandra R. Chheda Huf, Dhirajlal Raichand Shah Karta of Dhirajlal R. Shah Huf, Mahendra Raichand Shah Karta of Mahendra R. Shah Huf, Arvind Raichand Shah Karta of Arvind R. Shah Huf, Nitin Raichand Shah Karta of Nitin R. Shah Huf, Dipan Jayantilal Shah Karta of Dipan J. Shah Huf, Dhirajlal R. Shah Nominee of Lotus Marketing, Mahendra Raichand Shah, Dipan Jayantilal Shah, Kanchan Dhirajlal Shah, Harsh Mahendra Shah, Damyanti Jayantilal Shah, Meena Mahendra Shah, 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, Lewellyn Joseph Rego, Anant Zaverchand Gada, Jayaben Jineshbhai Shah, Jinesh Fulchandbhai Shah, Dhaval Jinesh Shah, Bhavini Dhaval Shah, Suresh Somchand Shah, R Rohan, R Varun, Dinesh Michael Rego.
PAN	Permanent Account Number
P/E Ratio	Price Earnings Ratio
RBI	The Reserve Bank of India
Record Date	Record Date is 14 th June, 2019
Registered Office of SSIL	91, G.I.D.C., Khatodara, B/H: Sub-Jail, Ring Road, Surat- 395002, Gujarat
Registrar and Share Transfer Agent/ Registrars	Bigshare Services Private Limited
ROC	Registrar of Companies, State of Gujarat
Scheme or Scheme of Merger	Scheme of Merger by Absorption of Fairdeal Filaments Limited by Shahlon Silk Industries Limited under Sections 230 to 232 of the Companies Act, 2013 and their respective Shareholders and Creditors, sanctioned for both Transferor Company and Resulting Company by Hon'ble NCLT, Ahmedabad Bench vide Order dated 10 th May, 2019. The Certified copy of NCLT Order received by the Company on 30 th May, 2019. The Scheme of Merger became effective from 1 st June, 2019 which was filed with the Registrar of Companies, Ahmedabad on 1 st June, 2019 after obtaining all statutory approvals as envisaged in the Scheme.
SCRA	Securities Contract (Regulation) Act, 1956, as amended
SCRR	Securities Contract Regulation (Rules), 1957 and amendments thereto
SEBI	Securities and Exchange Board of India
SEBI Act, 1992	Securities and Exchange Board of India Act, 1992 and amendments thereto
SEBI (ICDR) Regulations	Securities of Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 as amended.
SEBI (LODR) Regulations	Securities of Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
SIA	Secretariat of Industrial Assistance
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
Stock Exchange(s)	Shall refer to the BSE where the Equity Shares of the Transferor Company is presently listed
Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and amendments thereto
Wealth Tax Act	The Wealth Tax Act, 1957 and amendments thereto



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Glossary of Company / Industry related Terms:

Terms	Description
POY	Partially Oriented Yarn
PFY	Polyester Filament Yarn
PTY	Polyester Texturized Yarn
FDY	Fully Drawn Yarn
IDY	Industrial Drawn Yarn
SDY	Spin Drawn Yarn
DTY	Drawn Twisted Yarn

CURRECNY OF PRESENTATION

In this Information Memorandum, all references to "Rs." or "INR" refer to Rupees, the lawful currency of India; reference to one gender also refers to another gender and the words "Lakh" or "Lac" means "One hundred thousand" and the word "million" means "Ten Lakhs" and the word "Crore" means "10 million". Any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Information Memorandum is derived from our restated financial statements. The Fiscal year commences on April 1 and ends on 31st March of each year and unless otherwise stated, references to a particular fiscal year are to the twelve month period ended March 31 of that year. In this Information Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All references to "India" contained in this Information Memorandum are to the Republic of India. All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. For additional definitions, please see the section titled "Definitions, Abbreviations and Industry Related Terms" of this Information Memorandum.

Unless stated otherwise, Industry data used throughout this Information Memorandum has been obtained from published data and industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable, but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Information Memorandum is reliable, it has not been independently verified. The information included in this Information Memorandum about various other Companies is based on their respective Annual Reports and information made available by the respective companies.

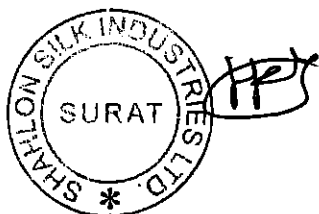
FORWARD-LOOKING STATEMENTS

This Information Memorandum may contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions, that are "forward looking statements". Similarly, statements that describe our objectives, plans or goals also are forward-looking statements. Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to:

- ❖ General economic and business conditions in India and other countries;
- ❖ Regulatory changes and our ability to respond to them;
- ❖ Our ability to successfully implement our strategy, growth and expansion plans;
- ❖ Technological changes;
- ❖ Our exposure to market risks, general economic and political conditions in India, which have an impact on our business activities or investments;
- ❖ The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally;
- ❖ Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.

For further discussion of factors that could cause our actual results to differ, please see the section titled "Risk Factors" of this Information Memorandum. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

We do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not materialize.



SHABLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

2. RISK FACTORS AND MANAGEMENT PERCEPTIONS THEREOF

This is only a summary. Investors should read the following summary with the risk factors mentioned and more detailed information about us and our financial statements included elsewhere in this information memorandum. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financials or other implications on any of the risk described in this section. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.

An investment in equity shares involves a high degree of risk. Investors should carefully consider all of the information in this Information Memorandum, including the risks and uncertainties described below, before making an investment in our Equity Shares. Occurrence of any of the following risks as well as the other risks and uncertainties discussed in this Information Memorandum could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline, which could result in the loss to the investor.

INTERNAL RISK FACTORS & RISKS RELATED TO BUSINESS:

1. Availability of finance

Availability of credit or financing is a major factor which can have a direct bearing on the performance of the Company. Tightening of credit norms by the financiers due to economic conditions can have an adverse effect on the performance of the Company.

2. Our Company depends on its senior management team and the loss of team members may adversely affect its business.

Our Company maintains conducive work environment and provides adequate motivation to perform. However senior management team members or key personnel may choose to leave the organisation in which case operations of our Company may be affected. However in such eventuality we will promptly fill the vacancy through either fresh recruitment or internal promotion.

3. Changes in technology may render our current technologies obsolete or require us to make substantial capital investments

The industry in which we operate is subject to significant changes in technology. To maintain the competitiveness of our business, we need to keep pace with technological developments and changing standards. If we are unable to adequately respond to the technological changes and the technologies currently employed by us become obsolete, our business, financial condition and results of operations may be materially and adversely affected. In addition, the cost of implementing new technologies and upgrading our plants to keep pace with technological developments may be significant and may adversely affect our results of operations.

4. Our business may be affected by certain disruptions.

Industrial disruptions, work stoppages, labour disputes, refurbishments, installation of new plants etc. can result in production losses, which may adversely affect our profitability. Production may fall below historic or estimated levels as a result of these causes.

5. Failure to keep abreast with the latest trends in technology may adversely affect our cost competitiveness and may affect our financial condition adversely.

Our Company cannot assure that it would successfully implement new technology effectively or adapt to emerging industry standards. If our Company is unable to upgrade itself due to technical, financial, legal and/or other reasons to adapt in timely manner to the changing market conditions, its business, financial performance could be adversely affected.

6. If we are unable to implement our growth strategies in a timely manner, our business and results of operations could be adversely affected.

The success of our business will depend greatly on our ability to effectively implement our business and growth strategy. Our growth strategy may place significant demands on our management and other resources. Our growth strategies involve risks



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and difficulties, many of which are beyond our control and accordingly there can be no assurance that we will be able to complete our plans on schedule or without incurring additional expenditures or at all. There can be no assurance that we will be able to execute our strategy on time and within the estimated budget in the future. If we are unable to implement our business and growth strategy, this may have an adverse effect on our business, financial condition and results of operations.

7. We may not be sufficiently protected or insured against losses that we may incur or claims that we may face against us.

Although we attempt to limit and mitigate our liability for damages arising from negligent acts, errors or omissions through contractual provisions and/or insurance policies, the limitations of liability set forth in our contracts and/or our insurance policies may not be enforceable in all instances or may not protect us from liability for damages. A successful assertion of one or more large claims against us could adversely affect the results of our operations. We have not insured ourselves against exposure to certain risks and events such as workmen's compensation, loss of profit, etc. which may lead to financial liability/adverse consequences for us. Further, even where we have availed of insurance cover, we may not be able to successfully assert our claims for any liability or loss under the said insurance policies.

8. 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.
9. Limited/ Low bargaining power in the customer ruled market. Limited pricing flexibility.
10. 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.
11. 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.
12. 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.

External Risk Factors:

13. Competition in the Industry

The Company operates in a competitive scenario comprising of Indian and multinational players resulting in a stiff competition from these players.

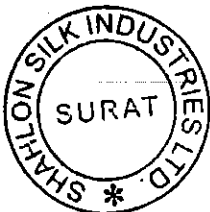
14. Political instability or changes in the Government may delay the liberalization of the Indian economy and adversely affect economic conditions in India generally, which may impact our business, financial results and results of operations

15. Legal and Compliance Risk

We are subject to extensive regulation by SEBI, Stock Exchanges, RBI and other market regulators in India. Govt. of India New laws/rules and changes in any law and application of current laws/rules could affect the manner of operations and profitability.

16. Terrorist attacks and other acts of violence

Terrorist attacks and other acts of violence or war, including those involving India, the United States, the United Kingdom or other countries may adversely affect Indian and worldwide financial markets. These acts may result in loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition. Increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including economic recession.



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17. Natural calamities could have a negative impact on the Indian economy and cause our business to suffer.

India has experienced natural calamities such as earthquakes, Tsunami, floods and droughts in the past few years. The extent and severity of these natural disasters determine their impact on the Indian economy. Unforeseen circumstances, such as prolonged spells of below normal rainfall and other natural calamities, could have a negative impact on the Indian economy, especially on the rural areas, which could adversely affect our business, financial condition, results of operation and the price of our Equity Shares.

18. After this listing, the prices of the Company's equity shares may be volatile, or an active trading market for the Company's equity shares may not develop.

There has been no public market for the Company's equity shares till now and the prices of the Company's equity shares may fluctuate after this listing. There can be no assurance that an active trading market for the equity shares will develop or be sustained after this listing. The Company's share price could be volatile. Further, the price at which the Equity Shares are initially traded may not correspond to the prices at which the Equity Shares will trade in the market subsequent to the listing of Equity Shares.

19. Any future issuance of Equity Shares may dilute prospective investors' shareholding and sales of our Equity Shares by major shareholders may adversely affect the trading price of the Equity Shares.

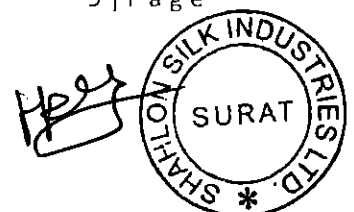
Any future equity issuances by us may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by major shareholders may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

20. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller than securities market in more developed economies. Indian Stock exchanges in the past experienced substantial fluctuations in the price of listed securities. These exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchange have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasions between listed companies and the Indian Stock Exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

21. There may be restrictions on daily movement in the price of the Equity Shares, which may adversely affect a Shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

Upon listing and trading of the Equity Shares, we may be subject to a daily circuit breaker imposed by all stock exchanges in India, which may not allow transactions beyond certain volatility in the price of the Equity Shares. These Circuit breakers are generally imposed by SEBI on Indian Stock Exchanges. The percentage limit on our circuit breaker may be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchange may not inform us of the percentage limit of the circuit breaker from time to time and may change it without our knowledge. This circuit breaker effectively limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.



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3. INDUSTRY AND BUSINESS OVERVIEW:

I. INTRODUCTION

This is only a summary. Investors should read the following summary together with the Risk Factors mentioned and the more detailed information about us and our financial results included elsewhere in this Information Memorandum. The information presented in this section has been extracted from publicly available documents and industry publications.

Industry Overview:

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's exports with approximately 13 per cent of total exports. The textiles industry is labour intensive and is one of the largest employers. The industry realized export earnings worth US\$ 37.74 billion in 2017-18. The industry is the second largest employer after agriculture, providing employment about 105 million people directly and indirectly. The Indian Textile Industry contributes approximately 2 per cent to India's Gross Domestic Product (GDP), and 14 per cent to overall Index of Industrial Production (IIP).

The textile industry plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country. The textile industry has a capacity to produce a versatile spread of products appropriate for varied market segments, both domestic and the export markets.

In spite of lot of challenges faced in international scenario in terms of trade, and the policy changes of many countries, India is still in a position to retain the stability of the currency, this shows that the Economy is becoming stronger and vibrant to take the challenges whatever may come in future. Raw material prices fluctuate in line with international prices and will continue to have an impact on the company's performance as raw materials constitute significant component of net sales.

FY 2017-18 marked a significant economic measure by the government: The Goods and Services Tax (GST) was implemented from July, 2017 as the nation moved to 'one nation-one tax'. The reform measure has helped India move into the Top 100 Club in World Bank's 'Global Ease of Doing Business' rankings.

India's economy picked up some pace in FY 2017-18 and the gross domestic product growth was better than FY 2016-17. The structural reform of The Goods and Services Tax (GST) within a year of demonetisation is expected to provide a boost to the economic growth and investments in the long run.

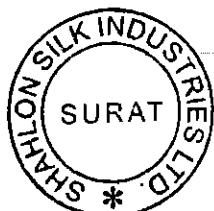
With an improving business ecosystem, stable macroeconomic indicators and a liberal FDI regime, foreign capital inflow has provided impetus to the domestic economy. According to World Bank's Global Economic Prospects report, India's GDP is expected to rise to 7.4% in FY 2018-19 and 7.8% in FY 2019-20.

The Government has been overall supportive in encouraging textile Industry India, Textiles and garment industry has been included in list of 25 sectors of 'Make in India' initiative of the Government of India. With the right Government policies we believe that the Indian Textile Industry is well poised to benefit from the large opportunity offered in the domestic and export market. The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

Business Review:

SHAHLON SILK INDUSTRIES LIMITED 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, another one having capacity of 0.6MW and one more having capacity of 2.1MW for captive power consumption

FAIRDEAL FILAMENTS LIMITED is engaged in manufacturing of fabric on water jet looms along with all types of yarn preparatory activities like Sizing, Texturizing, Twisting, Crape etc. The Company is a marketing agent of Reliance Industries Limited for yarn products. The Company has also installed windmill having capacity of 0.6MW for captive power consumption.



SHAHLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

SHAHLON SILK INDUSTRIES LIMITED

(A Public Company Incorporated on 2nd April, 2008 under the Companies Act, 1956)

Registered Office: 91, G.I.D.C., Khatodara, B/H.: Sub-Jail, Ring Road, Surat- 395002, Gujarat
Corporate Office: 3rd Floor Dawer Chambers, Nr. Sub-Jail, Ring Road, Surat – 395002, Gujarat, India
Tel No.: +91 261 2635551-53 & 57 / +91 261 4190200/291; **Email id:** info@shahlon.com
Website: www.shahlon.com ; **CIN:** U17120GJ2008PLC053464

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.

Board of Directors as on the date of filing of the Information Memorandum

Sr. No.	Name	Designation
1	Mr. Nitin Raichand Shah DIN: 00010487	Whole-time Director / Executive Promoter Director
2	Mr. Dhirajlal Raichand Shah DIN: 00010480	Executive Chairman / Executive Promoter Director
3	Mr. Arvind Raichand Shah DIN: 00010483	Managing Director/Executive Promoter Director
4	Ms. Richa Manoj Goyal DIN: 00159889	Independent Woman Director
5	Mr. Rajendra Kundanlal Desai DIN: 00198139	Independent Director
6	Mr. Vaibhav Jayantbhai Mehta DIN: 08484567	Independent Director

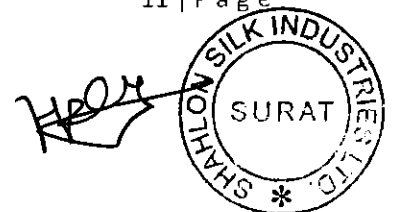
For further details of the Board of the Company, please refer to Page No 50 of this Information Memorandum.

Authority for listing:

The Hon'ble NCLT, Ahmedabad vide its order dated 10th May, 2019 has approved the Scheme of Merger by Absorption of Fairdeal Filaments Limited ("Transferor Company/ "FFL") by Shahlon Silk Industries Limited ("Transferee Company"/ "Resulting Company"/ "SSIL") and their respective shareholders & creditors. In accordance with the Scheme, the entire Undertaking of Fairdeal Filaments Limited shall stand transferred to and vested with the Company w.e.f. April 01, 2018 (the appointed date under the Scheme) pursuant to Section 230 to 232 of the Companies Act, 2013. In accordance with the said scheme, the Equity shares of the Company to be issued pursuant to the Scheme as well as existing shares of Transferee Company shall be listed and admitted to trading on BSE Limited (BSE). Such listing and admission for trading is not automatic and will be subject to fulfillment by the Company of listing criteria of BSE for such issues and also subject to such other terms and conditions as may be prescribed by BSE at the time of the application by the Company seeking listing. The Company has received exemption from the strict enforcement of the requirement of Rule 19(2) (b) of the SCRR for the purpose of listing of shares of the company from SEBI vide its letter No. **CFD/DILII/ADM/RK/27157/2019** dated **October 15, 2019**. The Company has received warning letter from SEBI vide its letter No. **CFD/DILII/OW/27159/2019** dated **October 15, 2019** regarding delay in completing the formalities for commencing trading within 60 days of receipt of Hon'ble NCLT order. The Company shall be careful in future to avoid recurrence of such lapses.

Eligibility Criterion:

There being no initial public offering or rights issue, the eligibility criteria in terms of Chapter III of SEBI Regulations does not become applicable. However, SEBI has vide its SEBI Circular no. **CFD/DIL3/CIR/2017/21** dated March 10, 2017, relaxed the applicability of provisions of Regulation 19(2) (b) of the Securities Contract (Regulations) Rules, 1957. The Company has submitted its Information Memorandum, containing information about itself, making disclosure in line with the disclosure



SHAHLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

requirement for public issues, as applicable to BSE for making the said Information Memorandum available to public through their websites viz. www.bseindia.com and www.shahlon.com

The Company has published an advertisement in the newspapers containing its details in line with the details required as in terms of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017. The advertisement has been published in “**Business Standard**” in English all editions, “**Gujarat Guardian**” in Gujarati Surat edition & “**Business Standard**” in Hindi all editions on 21/10/2019.

Prohibition by SEBI

The Company, its directors, its promoters, other companies promoted by the promoters and companies with which the Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

General Disclaimer from the SSIL

The Company accepts no responsibility for statement made otherwise than in the Information Memorandum or in the advertisements to be published in terms of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

Disclaimer – BSE

The BSE has vide its letter no. *DCS/AMAL/SD/R37/1339/2018-19* dated *November 19, 2018*, approved the Scheme of Amalgamation filed by Fairdeal Filaments Limited under Regulation 37 of SEBI (LODR) Regulations, 2015 and by virtue of that approval, the BSE's name is included in this Information Memorandum as one of the Stock Exchanges on which the Company's securities are proposed to be listed. As required, a copy of this Information Memorandum has been submitted to BSE.

The BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- Warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- Take any responsibility for the financial or other soundness of this Company; and

It should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the BSE.

Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

This Information Memorandum has been filed with BSE.

Listing

Applications will be made to BSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has nominated BSE as the Designated Stock Exchange for the aforesaid listing of the shares. The Company has taken steps for completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above.

Demat Credit

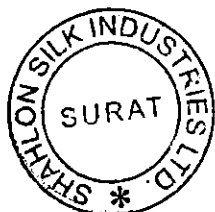
The Company has executed Tri-partite Agreements with the Depositories i.e. NSDL and CDSL for admitting its securities in demat form and have been allotted **ISIN – INE052001018**.

Expert Opinions

Save as stated elsewhere in this Information Memorandum, the Company has not obtained any expert opinions.

Dispatch of share certificates

Upon allotment of Shares to eligible shareholders on 17th June, 2019 pursuant to the Scheme, the Company dispatched share



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SHAHLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

certificates to those shareholders who were holding shares in Fairdeal Filaments Limited in physical form, as on the Record Date i.e. 14th June, 2019.

Previous rights and public issues

The Company has not made any previous public or rights issue since incorporation.

Commission and brokerage on previous issues

Since the Company has not issued shares to the public in the past, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

This is for the first time the Company is getting listed on the Stock Exchange.

Promise vis-à-vis performance

Not Applicable, since this is the first time the Company is getting listed on the Stock Exchanges.

Outstanding debentures or bonds and redeemable preference shares and other instruments

There are no outstanding debentures or bonds and redeemable preference shares and other instruments issued by the Company.

Stock Market Data for Equity shares of the Company

Equity shares of the Company are not listed on any stock exchanges. The Company is seeking approval for listing of its shares through this Information Memorandum.

Disposal of Investor Grievances

Bigshare Services Private Limited is the Registrar and Transfer Agent of the Company to accept the documents/ requests/ complaints from the investors/ shareholders of the Company. Further, the Company has appointed Mr. Hitesh Garmora, Company Secretary as the Compliance Officer for addressing the Investor Grievance in coordination with Registrar and Transfer Agents and he may be contacted in case of any problems at the following address:

Compliance Officer

Name: Mr. Hitesh Garmora, (Vice President Finance and Company Secretary)
Address: 3rd Floor Dawer Chambers. Nr. Sub-Jail, Ring Road, Surat – 395002, Gujarat, India
Tel: +91-0261-4190200
E-mail: hitesh.garmora@shahlon.com

Statutory Auditors:

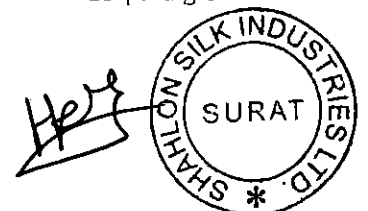
Name: M/s. Rasesh Shah & Associates, Chartered Accountants
Firm Regn. No. : 108671W
Address: O-1, 1st Floor, Silver Palm Building, Beside Kadampalli Society, Timaliyawad, Nanpura, Surat – 395001, Gujarat, India.
Tel: 0261- 246 0689 & 4027016
E-mail: info@raseshca.com
Contact Person: CA Mehul Shah

Registrar & Share Transfer Agent

Name: Bigshare Services Private Limited
SEBI Regn. No.: INR000001385
Address: A/802, Samudra Complex, Near Klassic Gold Hotel, Girish Cold Drinks. Off C.G. Road, Navrangpura, Ahmedabad - 380009, Gujarat
Contact No.: +91 - 79 – 40392571
Contact Person: Mr. Ramesh Nair, Branch Head
E-mail ID: bssahd@bigshareonline.com
Website: www.bigshareonline.com

Advisors to the Company:

Name: Rajani Associates
Address: Krishna Chambers, 59, New Marine Lines, Churchgate, Mumbai 400020, India
Phone No.: (91-22) 4096 1000



SHAHN SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

Email Id: ashish@rajaniassociates.net

Contact Person: Mr. Ashish Parwani

Name: Devesh Pathak & Associates, Practising Company Secretaries

Address: First Floor, 51, Udyognagar Society, Nr. Ayurvedic College, Outside Panigate, Vadodara- 390019

Phone No.: 0265-2562175, 0265-2562158

Email Id: maildeveshpathak@rediffmail.com, maildpathak@yahoo.co.in

Contact Person: Mr. Devesh Pathak

Bankers to the Company

Name: The Cosmos Co-Operative Bank Limited

Address: Surat Branch, U-G-2, Meridian Tower, Nr. Apple Hospital, Udhana Darwaja, Surat – 395002, Gujarat.

Tel: +91-261-2365449

Email: ketan.gandhi@cosmosbank.in

Contact Person: Mr. Ketan Gandhi

Name: Bank of Baroda

Address: Zampa Bazar Branch, Surat .

Tel: +91-261-2423303, 2492403

Email: ZAMPAB@bankofbaroda.com

Contact Person: Mr. Subodh Kumar Das

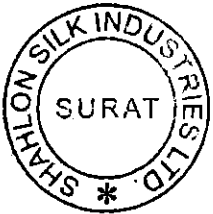
Name: ICICI Bank Ltd.

Address: 9th Floor, JMC House, | Opp. Parimal Garden, Ambawadi, Ahmedabad - 380 006 Gujarat.

Tel: +91 79 - 66523766

Email: jignesh.gandhi@icicibank.com

Contact Person: Mr. Jignesh Gandhi



SHAHLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

4. CAPITAL STRUCTURE - SHARE CAPITAL

A. SHARE CAPITAL OF SSIL PRE-SCHEME OF MERGER

PARTICULARS	AMOUNT (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 Share Capital	
1,11,52,250 Equity Shares of Rs. 10/- each fully paid up*	11,15,22,500
Total	11,15,22,500

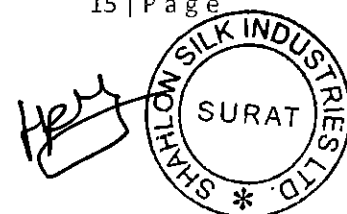
B. SHARE CAPITAL OF SSIL POST-SCHEME OF MERGER

PARTICULARS	AMOUNT (RS.)
Authorised Share Capital	
3,20,00,000 Equity Shares of Rs. 10/- each	32,00,00,000
Total	32,00,00,000
Issued , Subscribed and Paid-up Share Capital	
1,78,60,490 Equity Shares of Rs. 10/- each fully paid up*	17,86,04,900
Total	17,86,04,900

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

Notes to Capital Structure:

- The authorized share capital of the Company at the time of Incorporation was Rs. 15,00,000 divided into 1,50,000 Equity Shares of Rs. 10/- each.
- The authorized share capital of the Company was increased from Rs. 15,00,000 to Rs. 50,00,000 divided into 5,00,000 Equity Shares of Rs. 10/- each at its Extra Ordinary General Meeting held on 15th April, 2008.
- The authorized share capital of the Company was further increased from Rs. 50,00,000 to Rs. 75,00,000 divided into 7,50,000 Equity Shares of Rs. 10/- each at its Extra Ordinary General Meeting held on 15th March, 2012.
- The authorized share capital of the Company was further increased Rs. 75,00,000 to Rs. 5,00,00,000 divided into 50,00,000 Equity Shares of Rs. 10/- each pursuant to the Scheme of Arrangement approved by Hon'ble High Court of Gujarat at Ahmedabad vide its order dated 1st August, 2014.
- However, the authorized share capital of the Company has been increased from Rs. 5,00,00,000/- to Rs. 12,00,00,000/- divided into 1,20,00,000 equity shares of Rs. 10/- each at its Extra Ordinary General Meeting held on 24th February, 2018.
- Prior to the Allotment of Equity Shares as per the Scheme, the issued, subscribed and paid up capital of the Company was Rs. 11,15,22,500 divided into 1,11,52,250 Equity Shares of Rs. 10/- each.
- As per Clause 16.1 of the Scheme, the Authorized Share Capital of FFL is transferred to and combined with the Authorized Share Capital of SSIL. Hence, the Authorized Share Capital of SSIL shall be Rs. 32,00,00,000/- consisting of 3,20,00,000 Equity Shares of Rs. 10/- each.
- As per Clause 8.1 of the Scheme, the Company has, on 17th June, 2019 issued and allotted 67,24,240 Equity Shares of the face value of Rs. 10/- each to the members of Fairdeal Filaments in the ratio of 1 : 0.90 (i.e. 1 Equity Share of Rs. 10/- each credited as fully paid up in SSIL for every 0.90 Equity Share of Rs. 10/- each fully paid held by them in FFL) whose name appears in the Register of Member of FFL on the Record Date i.e. as on 14th June, 2019. Fractional Shares which has arose to any shareholder on account of Share Exchange ratio pursuant to allotment of Equity Shares of the Shahlon Silk Industries Limited to the shareholders of Fairdeal Filaments Limited, such shareholder has been allotted one fully paid share instead of any such fractional entitlement as per Clause 8.9 and 8.10 of the Scheme of Merger by Absorption of Fairdeal Filaments Limited by Shahlon Silk Industries Limited.



SHABLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

A. Shareholding Pattern of the Transferee Company prior to allotment of shares pursuant to Scheme of Amalgamation (Pre Allotment)

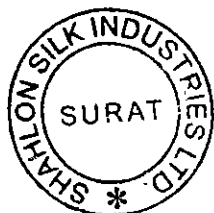
Holding of specified securities

1. Name of Listed Entity: **Shablon Silk Industries Limited** (*The Company is proposed to be listed*)
2. Scrip Code/Name of Scrip/Class of Security: N.A./N.A./Equity Shares
3. Share Holding Pattern Filed under: Reg. 31(1)(a)/Reg. 31(1)(b)/Reg.31(1)(c)
 - a. If under 31(1)(b) then indicate the report for Quarter ending:
 - b. If under 31(1)(c) then indicate date of allotment/~~extinguishment~~: 17th June, 2019

4. **Declaration:** The Listed entity is required to submit the following declaration to the extent of submission of information:-

	Particulars	Yes*	No*
1	Whether the Listed Entity has issued any partly paid up shares?	---	No
2	Whether the Listed Entity has issued any Convertible Securities or Warrants?	---	No
3	Whether the Listed Entity has any shares against which depository receipts are issued?	---	No
4	Whether the Listed Entity has any shares in locked-in?	---	No
5	Whether any shares held by promoters are pledge or otherwise encumbered?	---	No

* If the Listed Entity selects the option 'No' for the questions above, the columns for the partly paid up shares, Outstanding Convertible Securities/Warrants, depository receipts, locked-in shares, No of shares pledged or otherwise encumbered by promoters, as applicable, shall not be displayed at the time of dissemination on the Stock Exchange website. Also wherever there is 'No' declared by Listed Entity in above table the values will be considered as 'Zero' by default on submission of the format of holding of specified securities.

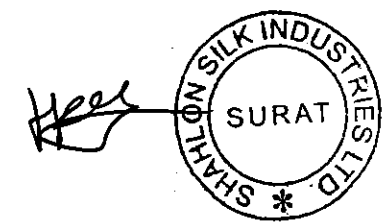


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SHAHN SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

Table I - Summary Statement holding of specified securities

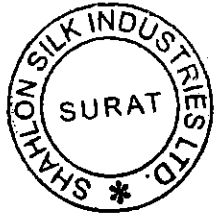
Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V) + (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
								No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held (b)	No. (a)		As a % of total shares held (b)
								Class eg: X	Class eg: Y	Total								
(A)	Promoter & Promoter Group	30	11152250	-	-	11152250	100.00	11152250	-	11152250	100.00	-	-	-	-	9038250		
(B)	Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(C)	Non Promoter- Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	Total	30	11152250	-	-	11152250	100.00	11152250	-	11152250	100.00	-	-	-	-	9038250		



SHAHN SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

Category & Name Of The Shareholders (I)	PAN (II)	Nos of shareholder (III)	No of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	No of shares under Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No of shares Underlying Outstanding convertible securities (Including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) as a % of (A+B+ C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
								No of Voting Rights					Total as a % of Total Voting Rights	No. (a)	As a % of total shares held (b)	No. (a)		As a % of total shares held (b)
								Class eg: X	Class eg: Y	Total								
(I) Indian																		
(a) Individuals/H.U.F		27	10696750	0	0	10696750	95.92	10696750	0	10696750	95.92	0	0.00	0	0.00	0	0.00	9038250
Pravinchandra Raychand Chheda	AATPC2604B		295000	0	0	295000	2.65	295000	0	295000	2.65	0	0.00	0	0.00	0	0.00	295000
Jayantilal Raichand Shah Karta of Raichand K. Shah Huf	AAFHS8043C		324000	0	0	324000	2.91	324000	0	324000	2.91	0	0.00	0	0.00	0	0.00	324000
Jayantilal Raichand Shah Karta of Jayantilal R. Shah Huf	AAFHS8044F		275250	0	0	275250	2.47	275250	0	275250	2.47	0	0.00	0	0.00	0	0.00	275250
Pravinchandra Raychand Chheda Karta of Chheda Pravinchandra Raychand Huf	AADHS7112Q		175000	0	0	175000	1.57	175000	0	175000	1.57	0	0.00	0	0.00	0	0.00	-
Dhirajlal Raichand Shah Karta of Dhirajlal R. Shah Huf	AAJHS0502G		172750	0	0	172750	1.55	172750	0	172750	1.55	0	0.00	0	0.00	0	0.00	170750
Mahendra Raichand Shah Karta of Mahendra R. Shah Huf	AADHS7105M		290250	0	0	290250	2.60	290250	0	290250	2.60	0	0.00	0	0.00	0	0.00	290250
Arvind Raichand Shah Karta of Arvind R. Shah Huf	AAFHS7758L		210250	0	0	210250	1.89	210250	0	210250	1.89	0	0.00	0	0.00	0	0.00	210250
Nitin Raichand Shah Karta of Nitin R. Shah Huf	AADHS7106J		195250	0	0	195250	1.75	195250	0	195250	1.75	0	0.00	0	0.00	0	0.00	-
Dipanjayantilal Shah Karta of Dipan J. Shah Huf	AAFHS6895G		135250	0	0	135250	1.21	135250	0	135250	1.21	0	0.00	0	0.00	0	0.00	135250
Dhirajlal R. Shah Nominee of Lotus Marketing	AAAFL9315P		402500	0	0	402500	3.61	402500	0	402500	3.61	0	0.00	0	0.00	0	0.00	-
Arvind Raichand Shah	AFHPS5480E		662735	0	0	662735	5.94	662735	0	662735	5.94	0	0.00	0	0.00	0	0.00	662735
Mahendra Raichand Shah	AFHPS5284E		1124475	0	0	1124475	10.08	1124475	0	1124475	10.08	0	0.00	0	0.00	0	0.00	1124475



SHAHLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

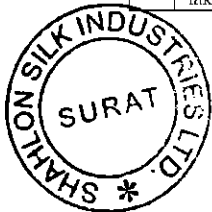
	Jayantilal Raichand Shah	AFHPS5255D		1199750	0	0	1199750	10.76	1199750	0	1199750	10.76	0	0.00	0	0.00	0	0.00	1199750
	Nitin Raichand Shah	ACIPS3899K		1561700	0	0	1561700	14.00	1561700	0	1561700	14.00	0	0.00	0	0.00	0	0.00	1561200
	Dipan Jayantilal Shah	ACIPS3897H		906810	0	0	906810	8.13	906810	0	906810	8.13	0	0.00	0	0.00	0	0.00	906810
	Dhirajlal Raichand Shah	ACIPS3898J		978535	0	0	978535	8.77	978535	0	978535	8.77	0	0.00	0	0.00	0	0.00	978535
	Kanchan Dhirajlal Shah	ACIPS3896G		140750	0	0	140750	1.26	140750	0	140750	1.26	0	0.00	0	0.00	0	0.00	-
	Harsh Mahendra Shah	BMDPS4031H		209125	0	0	209125	1.88	209125	0	209125	1.88	0	0.00	0	0.00	0	0.00	-
	Damyanti Jayantilal Shah	AFHPS5330R		105750	0	0	105750	0.95	105750	0	105750	0.95	0	0.00	0	0.00	0	0.00	105750
	Meena Mahendra Shah	AFHPS5282C		168500	0	0	168500	1.51	168500	0	168500	1.51	0	0.00	0	0.00	0	0.00	168500
	Avani Arvind Shah	ACIPS3895F		321250	0	0	321250	2.88	321250	0	321250	2.88	0	0.00	0	0.00	0	0.00	-
	Sonal Dipan Shah	ALZPS1074L		131625	0	0	131625	1.18	131625	0	131625	1.18	0	0.00	0	0.00	0	0.00	131625
	Dhruv Arvind Shah	DANPS4893F		240495	0	0	240495	2.16	240495	0	240495	2.16	0	0.00	0	0.00	0	0.00	240495
	Jenil Dipan Shah	LGUPS1677L		2125	0	0	2125	0.02	2125	0	2125	0.02	0	0.00	0	0.00	0	0.00	-
	Ravi Mahendra Shah	FZOPS5544B		99625	0	0	99625	0.89	99625	0	99625	0.89	0	0.00	0	0.00	0	0.00	99625
	Biren Jayantilal Chheda Karta of Biren Jayantilal Shah- Huf	AABHB5926K		210000	0	0	210000	1.88	210000	0	210000	1.88	0	0.00	0	0.00	0	0.00	-
	Minaxi Nitin Shah	ACIPS3900M		158000	0	0	158000	1.42	158000	0	158000	1.42	0	0.00	0	0.00	0	0.00	158000
(b)	Central/State Government(S)	-	-	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0.00	-
(c)	Financial Institutions/Banks	-	-	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0.00	-
(d)	Any Other (Specify)																		
	Bodies Corporate	-	1	16000	0	0	16000	0.14	16000	0	16000	0.14	0	0.00	0	0.00	0	0.00	-
	Fairdeal Filaments Ltd.	AAACF3804A		16000	0	0	16000	0.14	16000	0	16000	0.14	0	0.00	0	0.00	0	0.00	-
	Sub- Total (A)(1)	-	28	10712750	0	0	10712750	96.06	10712750	0	10712750	96.06	0	0.00	0	0.00	0.00	0.00	9038250
(2)	Foreign																		
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	2	439500	0	0	439500	3.94	439500	0	439500	3.94	0	0.00	0	0.00	0.00	0.00	-
	Biren Jayantilal Chheda	ACVPS5660B		255000	0	0	255000	2.29	255000	0	255000	2.29	0	0.00	0	0.00	0	0.00	-
	Smita Biren Chheda	ACIPS3901L		184500	0	0	184500	1.65	184500	0	184500	1.65	0	0.00	0	0.00	0	0.00	-
(b)	Government	-		0	0	0	0.00						0	0	0	0	0.00	-	
(c)	Institutions	-		0	0	0	0.00						0	0	0	0	0.00	-	
(d)	Foreign Portfolio Investor	-		0	0	0	0.00						0	0	0	0	0.00	-	
(e)	Any Other (Specify)	-		0	0	0	0.00						0	0	0	0	0.00	-	
	A) Bodies Corporate	-																	
	Sub- Total (A)(2)	-	2	439500	0	0	439500	3.94	439500	0	439500	3.94	0	0.00	0	0.00	0	0.00	-
	Total Shareholding Of Promoter And Promoter Group (A)=(A)(1)+(A)(2)	-	30	11152250	0	0	11152250	100.00	11152250	0	11152250	100.00	0	0.00	0	0.00	0	0.00	9038250

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 SHHLON SILK INDUSTRIES LTD. SURAT

SHAHN SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

Table III - Statement showing shareholding pattern of the Public shareholder

(I)	Category & Name of the Shareholders (I)	PAN (II)	Nos. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held VII = IV+V+VI	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) VIII	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights			Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)	No. (No applicable) (a)	As a % of total shares held (Not applicable) (b)	
									Class X	Class Y	Total								
(1)	Institutions																		
(a)	Mutual Funds/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(f)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(g)	Insurance Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(h)	Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Any Other (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2)	Central Government/ State Government(s)/ President of India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(3)	Non-institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a)	Individuals – i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs. ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



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SHAHN SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

(b)	NBFCs registered with RBI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Overseas Depositories (holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Details of the shareholders acting as persons in Concert including their Shareholding (No. and %):

Details of Shares which remain unclaimed may be given here along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.

Note:

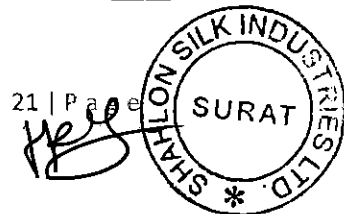
- PAN would not be displayed on website of Stock Exchange(s).
- The above format needs to be disclosed along with the name of following persons:- Institutions/Non Institutions holding more than 1% of total number of shares.
- W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available and the balance to be disclosed as held by custodian,

Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total no. shares held (VII) = (IV)+(V)+(VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV) (Not Applicable)	
									No of Voting Rights					Total as a % of Total Voting rights	No.	As a % of total Shares held	No. (Not applicable)		As a % of total shares held (Not applicable)
									Class X	Class Y	Total								
(1)	Custodian/DR Holder	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2)	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Non-Promoter Non Public Shareholding (C)= (C)(1)+(C)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note

- PAN would not be displayed on website of Stock Exchange(s).
- The above format needs to disclose name of all holders holding more than 1% of total number of shares.
- W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available,



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B. Shareholding Pattern of the Transferee Company post allotment of shares pursuant to Scheme of Amalgamation (Post Allotment)

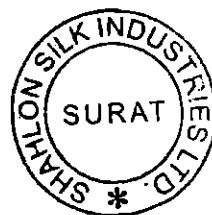
Holding of specified securities

1. Name of Listed Entity: **Shahlon Silk Industries Limited** (*The Company is proposed to be listed*)
2. Scrip Code/Name of Scrip/Class of Security: N.A./N.A./ Equity Shares
3. Share Holding Pattern Filed under: Reg. 31(1)(a)/Reg. 31(1)(b)/Reg.31(1)(c)
 - a. If under 31(1)(b) then indicate the report for Quarter ending:
 - b. If under 31(1)(c) then indicate date of allotment/extinguishment: 17TH June, 2019

4. Declaration: The Listed entity is required to submit the following declaration to the extent of submission of information:-

	Particulars	Yes*	No*
1	Whether the Listed Entity has issued any partly paid up shares?	---	No
2	Whether the Listed Entity has issued any Convertible Securities or Warrants?	---	No
3	Whether the Listed Entity has any shares against which depository receipts are issued?	---	No
4	Whether the Listed Entity has any shares in locked-in?	Yes	---
5	Whether any shares held by promoters are pledge or otherwise encumbered?	---	No

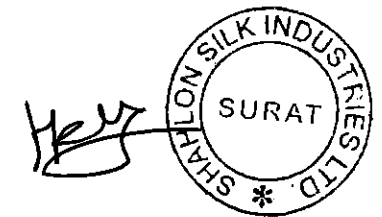
* If the Listed Entity selects the option 'No' for the questions above, the columns for the partly paid up shares, Outstanding Convertible Securities/Warrants, depository receipts, locked-in shares, No of shares pledged or otherwise encumbered by promoters, as applicable, shall not be displayed at the time of dissemination on the Stock Exchange website. Also wherever there is 'No' declared by Listed Entity in above table the values will be considered as 'Zero' by default on submission of the format of holding of specified securities.



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Table I - Summary Statement holding of specified securities

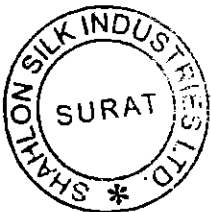
Category (I)	Category of shareholder (II)	Nos. of share holders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
								No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held (b)	No. (a)		As a % of total shares held (b)
								Class eg: X	Class eg: Y	Total								
(A)	Promoter & Promoter Group	39	12971691	0	0	12971691	72.63	12971691	0	12971691	72.63	0	0.00	11136250	85.85	0	11916788	
(B)	Public	2988	4888799	0	0	4888799	27.37	4888799	0	4888799	27.37	0	0.00	0	0.00	0	4610855	
(C)	Non Promoter- Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Total	3027	17860490	0	0	17860490	100.00	17860490	0	17860490	100.00	0	0.00	11136250	62.35	0	16527643	



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Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

(1)	Category & Name of the shareholders (I)	PAN (II)	No of shareholder (II I)	No of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	No of shares underlyin g Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V) +(VI)	Share holding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No of shares Underlying Outstanding convertible securities (Including Warrants) (X)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII) +(X) as a % of (A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
									No of Voting Rights					Total as a % of Total Voting Rights	No. (a)	As a % of total shares held (b)	No. (a)		As a % of total shares held (b)
									Class eg: X	Class eg: Y	Total								
(1)	Indian																		
(a)	Individuals/ H.U.F		36	12522413	0	0	12522413	70.11	12522413	0	12522413	70.11	0	0.00	10696750	85.42	0	0.00	11907010
1	Pravinchandra Raychand Chheda	AATPC2604B		407223	0	0	407223	2.28	407223	0	407223	2.28	0	0.00	295000	72.44	0	0.00	407223
2	Jayantilal Raichand Shah Karta of Raichand K. Shah HUF	AAFHS8043C		324000	0	0	324000	1.81	324000	0	324000	1.81	0	0.00	324000	100.00	0	0.00	324000
3	Jayantilal Raichand Shah Karta of Jayantilal R. Shah HUF	AAFHS8044F		275250	0	0	275250	1.54	275250	0	275250	1.54	0	0.00	275250	100.00	0	0.00	275250
4	Pravinchandra Raychand Chheda Karta of Chheda Pravinchandra Raychand HUF	AADHS7112Q		175000	0	0	175000	0.98	175000	0	175000	0.98	0	0.00	175000	100.00	0	0.00	175000
5	Dhirajlal Raichand Shah Karta of Dhirajlal R. Shah HUF	AAJHS0502G		172750	0	0	172750	0.97	172750	0	172750	0.97	0	0.00	172750	100.00	0	0.00	172750
6	Mahendra Raichand Shah Karta of Mahendra R. Shah HUF	AADHS7105M		290250	0	0	290250	1.63	290250	0	290250	1.63	0	0.00	290250	100.00	0	0.00	290250
7	Arvind Raichand Shah Karta of Arvind R. Shah HUF	AAFHS7758L		210250	0	0	210250	1.18	210250	0	210250	1.18	0	0.00	210250	100.00	0	0.00	210250
8	Nitin Raichand Shah Karta of Nitin R. Shah HUF	AADHS7106J		195250	0	0	195250	1.09	195250	0	195250	1.09	0	0.00	195250	100.00	0	0.00	195250
9	Dipan Jayantilal Shah Karta of Dipan J. Shah HUF	AAFHS6895G		135250	0	0	135250	0.76	135250	0	135250	0.76	0	0.00	135250	100.00	0	0.00	135250
10	Dhirajlal R. Shah Nominee of Lotus Marketing	AAAFL9315P		402500	0	0	402500	2.25	402500	0	402500	2.25	0	0.00	402500	100.00	0	0.00	0
11	Arvind Raichand Shah	AFHPS5480E		707180	0	0	707180	3.96	707180	0	707180	3.96	0	0.00	662735	93.72	0	0.00	707180
12	Mahendra Raichand Shah	AFHPS5284E		1280031	0	0	1280031	7.17	1280031	0	1280031	7.17	0	0.00	1124475	87.85	0	0.00	1280031



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13	Jayantilal Raichand Shah	AFHPS5255D	1344195	0	0	1344195	7.53	1344195	0	1344195	7.53	0	0.00	1199750	89.25	0	0.00	1344195	
14	Nitin Raichand Shah	ACIPS3899K	1717256	0	0	1717256	9.61	1717256	0	1717256	9.61	0	0.00	1561700	90.94	0	0.00	1717256	
15	Dipan Jayantilal Shah	ACIPS3897H	1031033	0	0	1031033	5.77	1031033	0	1031033	5.77	0	0.00	906810	87.95	0	0.00	1031033	
16	Dhirajlal Raichand Shah	ACIPS3898J	1122980	0	0	1122980	6.29	1122980	0	1122980	6.29	0	0.00	978535	87.14	0	0.00	1122980	
17	Kanchan Dhirajlal Shah	ACIPS3896G	279839	0	0	279839	1.57	279839	0	279839	1.57	0	0.00	140750	50.30	0	0.00	279839	
18	Harsh Mahendra Shah	BMDPS4031H	331714	0	0	331714	1.86	331714	0	331714	1.86	0	0.00	209125	63.04	0	0.00	331714	
19	Damyanti Jayantilal Shah	AFHPS5330R	188862	0	0	188862	1.06	188862	0	188862	1.06	0	0.00	105750	55.99	0	0.00	188862	
20	Meena Mahendra Shah	AFHPS5282C	343767	0	0	343767	1.92	343767	0	343767	1.92	0	0.00	168500	49.02	0	0.00	343767	
21	Avani Arvind Shah	ACIPS3895F	486862	0	0	486862	2.73	486862	0	486862	2.73	0	0.00	321250	65.98	0	0.00	486862	
22	Sonal Dipan Shah	ALZPS1074L	153748	0	0	153748	0.86	153748	0	153748	0.86	0	0.00	131625	85.61	0	0.00	153748	
23	Dhruv Arvind Shah	DANPS4893F	262718	0	0	262718	1.47	262718	0	262718	1.47	0	0.00	240495	91.54	0	0.00	262718	
24	Jenil Dipan Shah	LGUPS1677L	2125	0	0	2125	0.01	2125	0	2125	0.01	0	0.00	2125	100.00	0	0.00	0	
25	Ravi Mahendra Shah	FZOPS5544B	99625	0	0	99625	0.56	99625	0	99625	0.56	0	0.00	99625	100.00	0	0.00	99625	
26	Minaxi Nitin Shah	ACIPS3900M	273256	0	0	273256	1.53	273256	0	273256	1.53	0	0.00	158000	57.82	0	0.00	273256	
27	Lewellyn Joseph Rego	AAEPR3839C	46445	0	0	46445	0.26	46445	0	46445	0.26	0	0.00	0	0.00	0	0.00	46445	
28	Anant Zaverchand Gada	AAWPG6061B	24087	0	0	24087	0.13	24087	0	24087	0.13	0	0.00	0	0.00	0	0.00	24087	
29	Jayaben Jineshbhai Shah	AGNPS8762N	9778	0	0	9778	0.05	9778	0	9778	0.05	0	0.00	0	0.00	0	0.00	9778	
30	Jinesh Fulchandbhai Shah	AGNPS8768G	7823	0	0	7823	0.04	7823	0	7823	0.04	0	0.00	0	0.00	0	0.00	7823	
31	Dhaval Jinesh Shah	AMIPS9143A	5989	0	0	5989	0.03	5989	0	5989	0.03	0	0.00	0	0.00	0	0.00	5989	
32	Bhavini Dhaval Shah	ALZPS1073P	3606	0	0	3606	0.02	3606	0	3606	0.02	0	0.00	0	0.00	0	0.00	3606	
33	Suresh Somchand Shah	AAKPS7689B	993	0	0	993	0.01	993	0	993	0.01	0	0.00	0	0.00	0	0.00	993	
34	R Rohan	AGZPR5144F	389	0	0	389	0.00	389	0	389	0.00	0	0.00	0	0.00	0	0.00	0	
35	R Varun	AIGPJ3270M	389	0	0	389	0.00	389	0	389	0.00	0	0.00	0	0.00	0	0.00	0	
36	Biren Jayantilal Chheda Karta of Biren Jayantilal Shah- HUF	AABHB5926K	210000	0	0	210000	1.18	210000	0	210000	1.18	0	0.00	210000	100.00	0	0.00	0	
(b)	Central/State Government(s)	-	0	0	0	0	0.00	0	0	0	0	0	0.00	0	0	0	0.00	-	
(c)	Financial Institutions/Banks	-	0	0	0	0	0.00	0	0	0	0	0	0.00	0	0	0	0.00	-	
(d)	Any Other (Specify)																		
	Bodies Corporate	-	0	0	0	0	0.00	0	0	0	0	0	0.00	0	0.00	0	0.00	-	
	Sub- Total (A)(1)		36	12522413	0	0	12522413	70.11	12522413	0	12522413	70.11	0	0.00	10696750	85.42	0.00	0.00	11907010
(2)	Foreign																		
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	3	449278	0	0	449278	2.52	449278	0	449278	2.52	0	0.00	439500	97.82	0.00	0.00	9778
1	Dinesh Michael Rego	AABPR8571L	9778	0	0	9778	0.05	9778	0	9778	0.05	0	0.00	0	0.00	0.00	0.00	9778	
2	Biren Jayantilal Chheda	ACVPS5660B	255000	0	0	255000	1.43	255000	0	255000	1.43	0	0.00	0	0.00	0	0.00	0	
3	Smita Biren Chheda	ACIPS3901L	184500	0	0	184500	1.03	184500	0	184500	1.03	0	0.00	0	0.00	0	0.00	0	

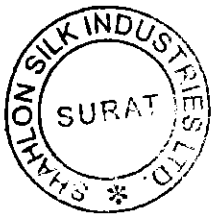
SHAHN SIK INDUTRIES LIMITED INFORMATION MEMORANDUM

(b)	Government	-	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	
(c)	Institutions	-	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	
(d)	Foreign Portfolio Investor	-	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	
a) Bodies Corporate		-																	
	Sub- Total (A)(2)	-	3	449278	0	0	449278	2.52	449278	0	449278	2.52	0	0	439500	97.82	0	0	9778
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	-	39	12971691	0	0	12971691	72.63	12971691	0	12971691	72.63	0	0.00	11136250	85.85	0	0.00	11916788

- Pursuant to Scheme of Merger sanctioned by National Company Law Tribunal, Ahmedabad Bench vide order dated 10th May, 2019, 16,000 (0.14%) Equity Shares held by Fairdeal Filaments Limited in Shahn Silk Industries Ltd. is cancelled on account of cross holding.

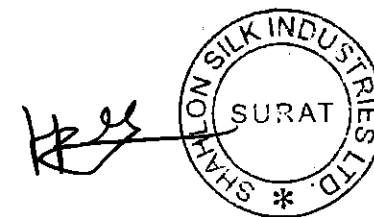
Table III - Statement showing shareholding pattern of the Public shareholder

Category & Name of the Shareholders (I)	PAN (II)	Nos. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held VII = IV+V+VI	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2) VIII	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
								No of Voting Rights					Total as a % of Total Voting rights	No. (a)	As a % of total Shares held (b)	No. (No tapplicable) (a)		As a % of total shares held (Not applicable) (b)
								Class X	Class Y	Total								
(1) Institutions																		
(a) Mutual Funds/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b) Venture Capital Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c) Alternate Investment Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e) Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(f) Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(g) Insurance Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(h) Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



SHAHN SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

(2)	Central Government/ State Government(s)/ President of India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(3)	Non-institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a)	Individuals –															
	i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.	2840	1028088	0	0	1028088	5.76	1028088	0	1028088	5.76	0	0	0	0	827148
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.	24	2822263	0	0	2822263	15.80	2822263	0	2822263	15.80	0	0	0	0	2822263
1	Aatur Harshad Mehta	AFNPM1955L	805556	0	0	805556	4.51	805556	0	805556	4.51	0	0	0	0	805556
2	Sanakumar Kizhepata Menon	ALMPK6208M	801085	0	0	801085	4.49	801085	0	801085	4.49	0	0	0	0	801085
3	Sangeetha S	AJPS3739F	168278	0	0	168278	0.94	168278	0	168278	0.94	0	0.00	0	0	168278
4	Rakesh Narendra Shah	AAEPS9476N	166667	0	0	166667	0.93	166667	0	166667	0.93	0	0.00	0	0	166667
5	Aftab Emrahim Patel	AAABP1421F	166667	0	0	166667	0.93	166667	0	166667	0.93	0	0.00	0	0	166667
6	Anmol Shekhar Athalye	BROPA5605F	83179	0	0	83179	0.47	83179	0	83179	0.47	0	0.00	0	0	83179
7	Himesh Amratlal Shah	AHKPS8804K	79284	0	0	79284	0.44	79284	0	79284	0.44	0	0.00	0	0	79284
(b)	NBFCs registered with RBI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Overseas Depositories (holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	NRI	-	25	586168	0	0	586168	3.28	586168	0	586168	3.28	0	0	0	517353
	Hindu Undivided Families	-	58	169151	0	0	169151	0.95	169151	0	169151	0.95	0	0	0	169151
	Bodies Corporate	-	40	185864	0	0	185864	1.04	185864	0	185864	1.04	0	0	0	177675
	Investor Education And Protection Fund Authority Ministry of Corporate Affairs	-	1	97265	0	0	97265	0.54	97265	0	97265	0.54	0	0	0	97265
	Sub-Total (B)(3)	-	2988	4888799	0	0	4888799	27.37	4888799	0	4888799	27.37	-	-	-	4610855
	Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)	-	2988	4888799	0	0	4888799	27.37	4888799	0	4888799	27.37	-	-	-	4610855



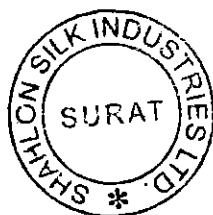
SHAHLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity Shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total no. shares held (VII = IV+V+ VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % Assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV) (Not Applicable)	
									No of Voting Rights					Total as a % of Total Voting rights	No.	As a % of total Shares held	No. (Not applicable)		As a % of total shares held (Not applicable)
									Class X	Class Y	Total								
(1)	Custodian/DR Holder	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(a)	Name of DR Holder (if available)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(2)	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Total Non Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

There has been no change in the Shareholding Pattern from 17th June, 2019 (i.e. the date of Allotment) to the date of this Information Memorandum.

- The Company or its directors, its promoters have not entered into any buyback, standby or a similar arrangement to purchase equity shares of the company from any person.
- There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any manner during the period commencing from the date of approval of the scheme by the Hon'ble NCLT, Ahmedabad till listing of Equity Shares to be allotted as per the Scheme.
- There shall be only one denomination for the Equity Shares of the Company, subject to applicable regulations and Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
- The Company has 3027 members as on date of filing the Information Memorandum.
- The Promoters' Shares shall be locked-in to the extent twenty percent of the post-merger paid-up Capital of Shahlon Silk Industries Limited i.e. 35,72,130 Equity Shares of Shahlon Silk Industries Limited shall be locked-in for a period of three years from the date of listing of the Shares and the remaining 75,64,120 Equity shares shall be locked-in for a period of one year from the date of listing of the shares of Shahlon Silk Industries Limited as specified as per the SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and CFD/DIL3/CIR/2018/2 dated January 03, 2018.



SHAHLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

5. OBJECTS AND RATIONALE OF THE SCHEME

Profile of the Transferor Company:

Fairdeal Filaments Limited was originally incorporated as a Fairdeal Filaments Private Limited Company under the provisions of the Companies Act, 1956 on 15th May, 1990 in the State of Gujarat. The name of the Transferor Company was changed from Fairdeal Filaments Private Limited to Fairdeal Filaments Limited consequent to conversion from Private Company to Public Company and a fresh certificate of incorporation was issued consequent to the change of name on 1st March, 1994. The registered office of the Transferor Company is situated at 3rd Floor, Dawer Chambers, Near Sub-Jail Ring Road, Surat-395002, Gujarat.

Fairdeal Filaments Limited is a listed company listed on BSE. The Details of the transferor Company is as under:

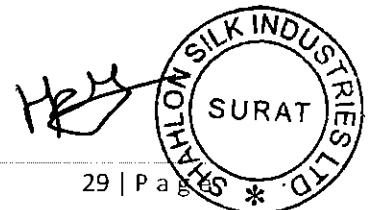
1. ISIN number- INE719D01011.
2. CIN No of : L17110GJ1990PLC013771
3. Tel: 0261-4190200
4. Fax: 0261-2635550
5. Email Id: info@shahlon.com
6. Website: www.shahlon.com

The Transferor Company is primarily engaged in the businesses of Manufacturing of grey fabric on water jet looms along with all types of yarn preparatory facilities like sizing, texturizing, twisting, crape, etc. The Transferor Company is also engaged in an agency with Reliance Industries Limited for sale of yarn.

Brief Financials of Transferor Company:

PARTICULARS	(Rs. In Lacs)				
	F.Y. 2018-19 (Audited)	F.Y. 2017-18 (Audited)	F.Y. 2016-17 (Audited)	F.Y. 2015-16 (Audited)	F.Y. 2014-15 (Audited)
Equity Share Capital	605.00	605.00	605.00	605.00	550.00
Reserve and Surplus	1,556.63	1444.64	1245.54	1163.15	1148.92
Carried forward losses	-	-	-	-	-
Net worth	2,161.63	2049.64	1850.54	1768.15	1698.92
Miscellaneous Expenditure	-	-	-	-	-
Secured loans	3639.16	3824.64	3007.05	2915.16	2584.61
Unsecured loans	829.32	822.58	925.63	1749.25	1321.67
Fixed Assets	1590.69	1780.84	1920.27	1776.97	1252.00
Net Current Assets*	1149.80	1219.99	248.41	1083.72	779.75
Income from Operation	21,908.93	21866.32	20446.17	19307.56	18703.91
Total Income	21,951.64	21872.71	20451.27	19312.50	18709.05
Total Expenditure	21,693.95	21606.92	20263.03	19071.07	18397.35
Profit/(Loss) Before tax	257.69	265.80	188.25	241.43	311.70
Profit/(Loss) After Tax	206.98	201.25	176.02	170.86	211.83
Cash Profit	460.07	466.82	435.36	358.11	381.72
Earnings Per Share (₹)	3.38	3.33	2.91	2.82	5.78

* Net Current assets has been calculated including current maturity of long term debt and secured working capital loans in current liabilities which has also been considered in secured loans above.



SHAHLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

SCHEME OF MERGER

A. Background

1. The Scheme provides that the Transferor Company shall stand merged with and be vested in the Transferee Company, as a going concern, without any further act or instrument and pursuant to the provisions of Section 230 to 232 of the Companies Act, 2013 together with all the properties, assets, rights, liabilities, benefits and interest therein.

B. Rationale for the Merger

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. FFL and SSIL both carry out yarn preparatory facilities like sizing, texturising, twisting, crape, etc.
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 will be beneficial for both the companies and their shareholders.
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.
5. The amalgamation will enable the merged entity to build up a diversified product portfolio.
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.
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.
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.
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.
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.
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.



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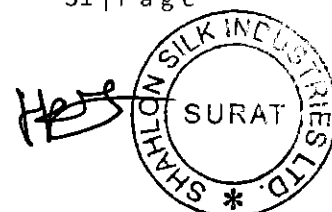
6. SALIENT FEATURES OF THE SCHEME PERTAINING MERGER BY ABSORPTION OF FAIDEAL FILAMENTS LIMITED BY SHAHLON SILK INDUSTRIES LIMITED

The salient features of the Scheme are as follows:

- a. The Scheme envisages Merger by Absorption of Fairdeal Filaments Limited ("Transferor Company") into Shahlon Silk Industries Limited (Transferee Company"/ "Resulting Company"), under Section 230 to 232 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013 on a going concern basis the manner provided for in the Scheme.
- b. The "**Appointed Date**" means April 01, 2018 or such other date as the relevant Adjudicating Body (ies) may direct or fix, for the purpose of this Scheme.
- c. The "**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.

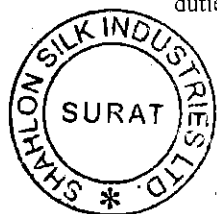
All references in this Scheme to the date of "coming into effect of the/this Scheme" or "Effectiveness of the Scheme" or "Scheme taking effect" shall mean the Effective Date.

- d. The "**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.
- e. "**Transferor Undertaking**" means and includes:
 - i. 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;
 - ii. All debts, liabilities, duties and obligations of FFL, whether fixed, contingent or absolute, as on the commencement of the Appointed Date;
 - iii. Without prejudice to the generality of point (e) (i) and point (e) (ii) above, the Transferor Undertaking shall mean and include:
 - iv. 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 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;
 - v. any license fee with any Governmental Authority that may have been paid by FFL;
 - vi. 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;
 - vii. all employees of FFL;
 - viii. 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.



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- f. 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 (*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.
- g. If, after applying the New Shares Entitlement Ratio, a person eligible to receive equity shares of SSIL as mentioned in point f, 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.
- h. Pursuant to point g. 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 point f. as above.
- i. 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.
- j. 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.
- k. Accordingly, upon the Scheme coming into effect and after taking into effect issue and allotment of New Shares, 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.
- l. 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.
- m. 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.
- n. 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.
- o. 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.
- p. 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 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



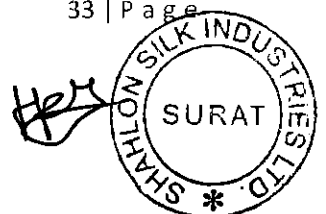
SHAHLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

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.

- q. 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.

SEQUENCE OF EVENTS OF SCHEME OF ARRANGEMENT:

1. Board of Directors of the Transferor Company and Transferee Company approved the Scheme of Arrangement at its meeting held on 22nd August, 2018 respectively.
2. Letter of approval received from BSE granting In-Principle approval for listing of Equity Shares pursuant to Scheme dated 19th November, 2018.
3. Application filed with Hon'ble NCLT, Ahmedabad Bench on 21st December, 2018 for Convening Shareholders' and Creditors' meeting of the Transferor Company.
4. Application filed with Hon'ble NCLT, Ahmedabad Bench on 21st December, 2018 for Convening Shareholders' and Creditors' meeting of the Transferee Company.
5. The Hon'ble NCLT, Ahmedabad Bench issued order on 24th January, 2019 for convening Shareholders' meeting on 11th March, 2019 and convening Creditors' Meeting on 12th March, 2019 of the Transferor Company. The Certified copy of the NCLT Order was received by the Transferor Company on 29th January, 2019.
6. The Hon'ble NCLT, Ahmedabad Bench issued order on 24th January, 2019 for convening Shareholders' meeting on 11th March, 2019 and convening Creditors' Meeting on 12th March, 2019 of the Transferee Company. The Certified copy of the NCLT Order was received by the Transferee Company on 29th January, 2019.
7. The Transferor and Transferee Company held Shareholders' meeting on 11th March, 2019.
8. The Transferor and Transferee Company held Creditors' meeting on 12th March, 2019.
9. The Transferor and the Transferee Company had filed petition with the NCLT, Ahmedabad Bench on 1st April, 2019.
10. The NCLT, Ahmedabad Bench issued orders to Transferor and Transferee Company fixing date for hearing on 1st May, 2019 subsequently final hearing scheduled on 3rd May, 2019.
11. The Scheme of Merger sanctioned by the Hon'ble NCLT, Ahmedabad Bench vide Order dated 10th May, 2019 for Transferor and Transferee Company. The Certified copy of NCLT Order received by the Transferor and Transferee Company on 30th May, 2019. The Copy of NCLT order filed with the Registrar of Companies, Gujarat, on 1st June, 2019 by Transferor and Transferee Company.
12. Effective Date being the date of filing of Copy of NCLT Order with the Registrar of Companies being 1st June, 2019.
13. In-principle approval for listing of 1,78,60,490 Equity Shares of Rs. 10/- of the Company received from BSE Limited vide their letter no. **DCS/AMAL/SV/IP/1577/2019-20** dated **September 17, 2019**.
14. The approval from SEBI received vide Letter No. **CFD/DILII/ADM/RK/27157/2019** dated **October 15, 2019** granting relaxation from the strict enforcement of the requirement of Rule 19(2) (b) of the SCRR for the purpose of listing of shares of the Resulting Company.



STATEMENT OF POSSIBLE TAX BENEFITS
AVAILABLE TO SHAHLON SILK INDUSTRIES LIMITED AND ITS SHAREHOLDERS UNDER THE
APPLICABLE TAX LAWS IN INDIA

To,
The Board of Directors
Shahlon Silk Industries Ltd. (Formerly Shahlon Silk Industries Pvt. Ltd.)
91, GIDC Khatodara,
Behind Sub Jail,
Ring Road,
Surat 395 002

Dear Sirs,

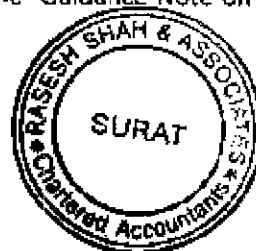
Subject: Statement of possible tax benefits available to Company and Shareholders of Shahlon Silk Industries Ltd. ('the Company')

We hereby report that the enclosed Annexure prepared by the Company, states the possible special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 (the "IT Act") as amended by the Finance Act, 2018 (i.e., applicable for financial year 2018-19), relevant to the assessment year 2019-20) presently in force in India as on the signing date. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the IT Act. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company or its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure cover the special tax benefits available to the Company and shareholders. Further, the preparation of the enclosed Annexure and its contents is the responsibility of the Management. We were informed that, this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications. The company has conducted examination in accordance with the 'Guidance Note on Reports or Certificates for Special



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Purposes (Revised 2016) (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.

The company has complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

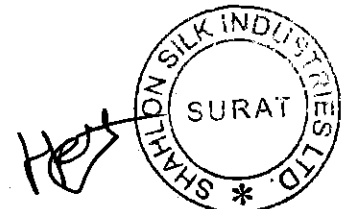
We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed Statement are based on information, explanations and representations obtained from the Company and on the basis of understanding of their business activities and operations.

The views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities / courts will concur with the views expressed herein. Views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment. We will not be liable to any other person for any decision taken on the basis of information contained in this statement.

The enclosed annexure is intended for your information and for inclusion in the Information Memorandum in connection with the proposed issue of equity shares pursuant to merger of Fairdeal Filaments Ltd. and is not to be used, referred to or distributed for any other purpose without prior written consent.



CA Rasesh Shah
& Associates Chartered Accountants

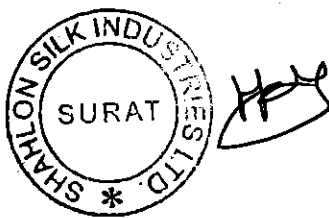
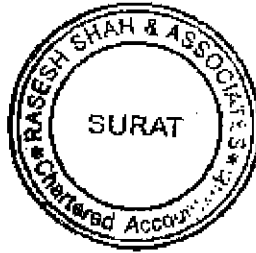
O-1, 1st Floor, Silver Palm Bldg.,
Timaliyawad, Nanpura, Surat.
Phone : 2460689, 4027016
E-mail : info@raseshca.com

For Rasesh Shah & Associates
Chartered Accountants
(Firm Registration No. 108671W)

Rasesh

CA Rasesh B. Shah
Partner

Place: Surat
Date: 17th June, 2019



Annexure

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO COMPANY AND SHAREHOLDERS OF SHAHLON SILK INDUSTRIES LIMITED:

Outlined below are the possible tax benefits available to the Company and the Shareholders under the current direct tax laws in force in India (i.e. applicable for the Financial Year 2018-19 relevant to the assessment year 2019-20). Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its Shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which are based on business imperative it faces in the future, it may or may not choose to fulfill.

This statement is only intended to provide the tax benefits to the Company and its Shareholders in a general and summary manner and does not purport to be a complete analysis or listing of all the provisions or possible tax consequences of the subscription, purchase, ownership or disposal etc. of shares. In view of the individual nature of tax consequence and the changing tax laws, each investor is advised to consult his/her own tax advisor with respect to specific tax implications arising out.

GENERAL TAX BENEFITS:

1. UNDER THE INCOME TAX ACT, 1961 (HEREINAFTER REFERRED TO AS THE IT ACT):

BENEFITS AVAILABLE TO THE COMPANY UNDER THE IT ACT

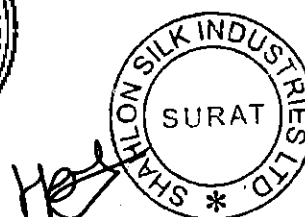
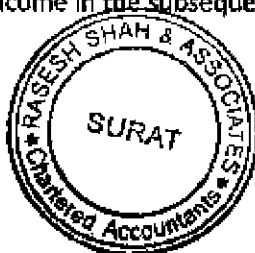
A) Depreciation:

The Company is entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business under Section 32 of the IT Act. In case an asset is put to use for less than 180 days during a previous year, the company would be entitled to claim depreciation at half the prescribed rates of depreciation.

Further, subject to fulfillment of conditions prescribed in section 32(1)(ia) of the IT Act, the Company will be entitled to claim accelerated depreciation of 20 per cent of the actual cost of certain new machinery or plant which has been acquired and installed after 31st March, 2005. If, however, the assets are put to use for less than 180 days in the year in which they are acquired, the rate of accelerated depreciation will be 10 per cent.

Unabsorbed Depreciation, if any, for an assessment year can be carried forward without any time limit and set off against any head of income in the subsequent assessment years as per section 32 of the IT Act.

B) Intra-head set off of losses



As per section 70 of the I.T. Act, the company is entitled to intra-head set-off of loss in an assessment year in the following manner:

- (a) Loss from a source against Income from another source within the same head of income (except loss under the head 'capital gain')
- (b) Short term capital loss against capital gain (whether short term or long term)
- (c) Long term capital loss against long term capital gains

As per section 71(1) and 71(2) of the I.T. Act, the company is entitled to inter-head 'set-off' of loss (other than capital gains) against any other head of income for that assessment year. As per section 71(3) of the Act, the company is not entitled to 'set-off' loss under the head 'Capital Gains' against income under any other head.

As per section 72(1) of the I.T. Act, the company is entitled to 'set-off' brought forward business loss, not being loss sustained in a speculation business, against business Income in subsequent years. In accordance with the provisions of section 72(3) of the I.T. Act, such losses can be carried forward for eight assessment years.

C) MAT Credit:

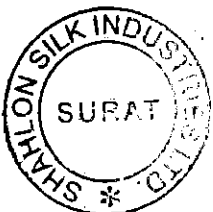
As per Section 115JAA(1A) of the Act, the company is eligible to claim credit for Minimum Alternate Tax ("MAT") paid for any assessment year commencing on or after April 1, 2006 against normal income-tax payable in subsequent assessment years.

MAT credit shall be allowed for any assessment year to the extent of difference between the tax payable as per the normal provisions of the Act and the tax paid under section 115JB for that assessment year. Such MAT credit is available for set-off upto 15 years succeeding the assessment year in which the MAT credit arises.

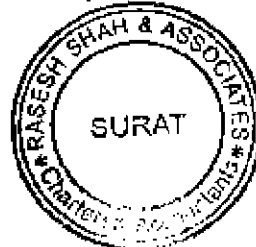
At the time of bringing out the amendments to the MAT provisions for Ind AS compliant companies, it was clarified in the Finance Bill, 2017, that adjustments under section 115JB of the Act are required to be made in the net profit before OCI. The profit before OCI will first be adjusted for items which are specified in the existing provisions of section 115JB of the Act and thereafter, adjustments shall be made for transition amount, if any. Book profit will be increased/decreased by all amounts credited/debited to OCI that will not be reclassified to profit or loss, except for certain specified exclusions.

**D) CAPITAL GAINS:
 Long Term Capital Gain (LTCG)**

As per the provisions of section 2(29A) of the I.T. Act, read with section 2(42A) of the I.T. Act, a



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listed equity share is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

In respect of any other capital assets, LTCG means capital gain arising from the transfer of an asset, held by an assessee for more than 36 months.

Section 112A provides for tax on long-term capital gains (LTCG) arising on transfer of the following assets –

- Equity shares in a company listed in a recognized stock exchange;
- Unit of an equity oriented fund;
- Unit of a business trust.

The LTCG exceeding INR 1 Lakh from the transfer of these assets made on or after 01 April 2018 would be taxed at the rate of 10 percent.

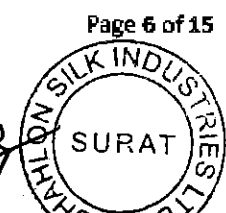
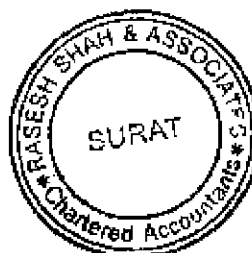
This section would apply to the above assets if they are held for a period of more than 12 months immediately before the date of transfer and the Securities Transaction Tax (STT) is paid at the time of acquisition and transfer in case of equity shares and at the time of transfer in case of others.

Further, as per provisions of the I.T. Act, the benefit of Inflation indexation of the cost of acquisition would not be available for computing LTCG for these assets. The cost of acquisition of the assets shall be determined in accordance with the provisions of section 55 of the I.T. Act.

As per provisions of section 112 of the I.T. Act, LTCG (other than LTCG which are chargeable to tax under section 112A of the I.T. Act as mentioned above) are subject to tax at the rate of 20% with Indexation benefits. However, in case of listed securities (other than unit), the amount of such tax would be limited to 10% (plus applicable surcharge and cess), without Indexation benefit, at the option of the assessee.

LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10 (23D)) are exempt from tax under Section 10(38) of the Act provided the transaction is chargeable to securities transaction tax (STT). However, the said exemption will not be available to the Company while computing the book profit and income-tax payable under section 115JB. Income by way of long term capital gain exempt u/s 10(38) is to be taken into account in computing the Book profit and income tax payable under section 115JB of the Act.

As per section 48 of the Act and subject to the conditions specified in that section, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is to be computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.



Short Term Capital Gain (STCG)

As per provisions of section 111A of the I.T. Act, Short Term Capital Gain (STCG) arising on sale of equity shares or units of equity oriented mutual fund which has been set up under a scheme of a mutual fund specified under section 10(23D) or a unit of a business trust, are subject to tax at the rate of 15% provided the transaction is chargeable to STT.

Where such transaction is not chargeable to STT or STCG arising from any other capital asset is taxable at the normal rate of tax applicable to the company (plus applicable surcharge and cess).

In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or less.

As per section 50 of the I.T. Act, where a capital asset is forming part of a block of asset in respect of which depreciation has been allowed under the I.T. Act, capital gains shall be computed in the following manner:

- (a) Where full value of consideration on account of transfer of any asset forming part of block of asset, as reduced by expenditure incurred wholly or exclusively in connection with transfer, exceeds the written down value of block of assets and actual cost of assets acquired during the year, such excess shall be deemed to be short term capital gains and taxed accordingly.
- (b) Where any block of assets ceases to exist, for the reason that all the assets in that block are transferred, the difference between the consideration arising on result of transfer and the written down value of block of assets and the actual cost of assets acquired during the year, shall be deemed to be short term capital gains/ (losses) and taxed accordingly.

E) Dividends

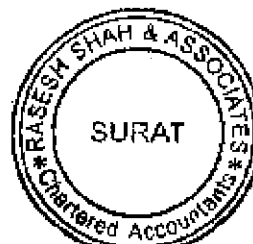
As per the provisions of section 10(34) read with section 115-D of the I.T. Act, dividend (both interim and final), if any, received by the company on its investments in shares of another domestic company is exempt from tax.

Any amount declared, distributed or paid by the company to shareholders by way of dividends on or after 1 April 2003, whether out of current or accumulated profits, shall be charged to additional Income tax i.e. dividend distribution tax (hereinafter referred to as 'DDT') at the rate of 15 percent (plus applicable surcharge and cess) under section 115-D of the I.T. Act. For removing the cascading effect of dividend distribution tax, the following dividends received by a domestic company shall be reduced from the amount of dividend declared, distributed or paid by it:

- (a) dividend received from a foreign subsidiary on which income-tax has been paid by the domestic company under section 115BBD of the I.T. Act.



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(b) dividend received from a domestic subsidiary if the subsidiary has paid tax on such dividend under section 115-O of the I.T. Act.

In view of the amendment brought in by Finance (No.2) I.T. Act, 2014, for the purpose of determining the tax on distributed profits payable in accordance with section 115-O of the I.T. Act, the amount of dividend needs to be increased to such amount as would, after reduction of tax on such increased amount at the specified rate, be equal to the net distributed profits.

As per the provisions of section 115BBD of the I.T. Act, dividend received by Indian company from a specified foreign company (i.e. a foreign company in which the Indian company holds 26% or more of the equity share capital) would be taxable at the concessional rate of 15% on gross basis (excluding surcharge and education cess).

Income received in respect of units of a mutual fund specified under Section 10(23D) of the Act (other than income arising from transfer of such units) shall be exempt from tax under Section 10(35) of the Act.

The dividend income which is exempt is also excluded from the computation of book profits for the purpose of levy of minimum alternate tax under section 115JB of the I.T. Act.

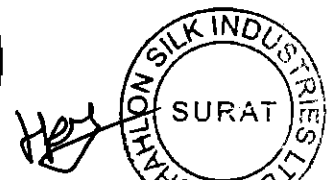
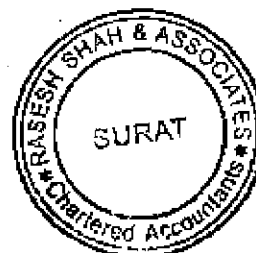
As per provisions of section 14A of the I.T. Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

F) Other Provisions

- Book Income on transfer of investment in a company is to be taken into account while determining book profits in accordance with provisions of section 115JB of the I.T. Act.
- No deduction under Chapter VIA is allowed from income which is chargeable to tax under section 111A or section 112 or section 112A.
- As per Section 54EC of the Act, capital gains arising from the transfer of a long term capital asset (being land or building or both) shall be exempt from capital gains tax if such capital gains are invested within a period of six months after the date of such transfer in specified bonds subject to the conditions specified therein.

As per the I.T. Act, long-term specified asset for making any investment under section 54EC shall mean:

(i) on or after the 1st day of April, 2007 but before the 1st day of April, 2018, any bond, redeemable after three years and issued on or after the 1st day of April, 2007 but before the 1st day of April, 2018;



(ii) on or after the 1st day of April, 2018, any bond, redeemable after five years and issued on or after the 1st day of April, 2018,

If only part of the capital gains is reinvested, the exemption shall be proportionately available. However, if the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable as Capital Gains in the year of transfer/conversion. As per this section, the investment in the Long Term Specified Asset cannot exceed 50 lakh rupees.

- **Section 80-IA** of the IT Act provides for deduction of profits and gains derived by an undertaking or an enterprise from any business referred to in sub-section (4) in accordance with and subject to the provisions of this section. The deduction specified shall be an amount equal to hundred per cent for ten consecutive assessment year out of 15 years beginning from the year in which undertaking starts operations. The said deduction is subject to the provisions and conditions contained in Section 80IA.
- As per **Section 35D**, where an assessee, being an Indian company or a person (other than a company) who is resident in India, incurs, after the 31st day of March, 1970, any expenditure specified in sub-section (2), —

(i) before the commencement of his business, or

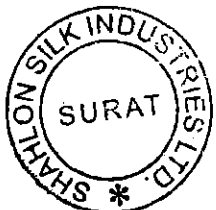
(ii) after the commencement of his business, in connection with the extension of his undertaking or in connection with his setting up a new unit,

the assessee shall, in accordance with and subject to the provisions of this section, be allowed a deduction of an amount equal to one-tenth of such expenditure for each of the ten successive previous years beginning with the previous year in which the business commences.

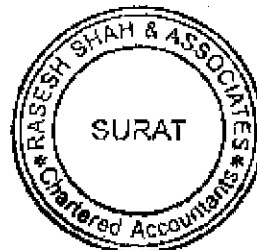
Further Section 35D(5) deals with the provision for amalgamating companies as follows: Where the undertaking of an Indian company which is entitled to the deduction under sub-section (1) is transferred, before the expiry of the period of ten years specified in sub-section (1), to another Indian company in a scheme of amalgamation, —

(i) no deduction shall be admissible under sub-section (1) in the case of the amalgamating company for the previous year in which the amalgamation takes place; and

(ii) the provisions of this section shall, as far as may be, apply to the amalgamated company as they would have applied to the amalgamating company if the amalgamation had not taken place.



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- As per provisions of section 80G of the I.T. Act, the company is entitled to claim deduction of a specified amount in respect of eligible donations, subject to the fulfilment of the conditions specified in that section.
- As per the provisions of section 90, for taxes on income paid in Foreign Countries with which India has entered into Double Taxation Avoidance Agreements (Tax Treaties from projects/activities undertaken thereat), the company will be entitled to the deduction from the India income-tax of a sum calculated on such doubly taxed income to the extent of taxes paid in Foreign Countries. Further, the company as a tax resident of India would be entitled to the benefits of such Tax Treaties in respect of income derived by it in foreign countries. In such cases the provisions of the Income tax Act shall apply to the extent they are more beneficial to the company. Section 91 of the I.T. Act provides for unilateral relief in respect of taxes paid in foreign countries.

BENEFITS AVAILABLE TO THE MEMBERS OF THE COMPANY:-

Resident Members

A) Dividends:

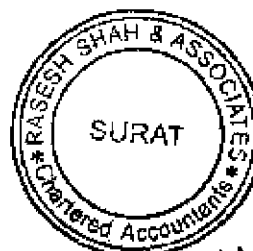
Dividend (both Interim and final), if any, received by the resident Shareholders from a Domestic Company shall be exempt from tax under Section 10(34) read with Section 115D of the Act. However, the Finance Act 2016 has introduced section 115BBDA which provides that the aggregate of dividends received by a specified assessee resident in India from domestic companies in excess of INR 10 lakh will be taxed at 10 percent on a gross basis and no deduction will be available for any expenditure against such income.

Further, section 94(7) of the I.T. Act provides that losses arising from the sale/transfer of shares purchased within a period of three months prior to the record date and sold/ transferred within three months after such date, will be disallowed to the extent dividend income on such shares is claimed as tax exempt, if any.

Further, as per provisions of section 14A of the I.T. Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining the taxable income

B) Capital gains:

Benefits outlined in Point (D) in benefits to Company above are also applicable to resident Shareholders. In addition to the same, the following benefits also available to a resident shareholder being an individual or a HUF.



As per Section 54F of the Act, LTCG arising from transfer of shares shall be exempt from tax if net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.

Non-Resident Members

A) Dividend Income:

Dividend (both interim and final), if any, received by the non-resident Shareholders from a Domestic Company shall be exempt from tax under Section 10(34) read with Section 115O of the Act.

B) Capital gains:

Benefits outlined in Point (D) in benefits to Company above are also available to a non-resident shareholder except that as per first proviso to Section 48 of the Act, the capital gains arising on transfer of shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure incurred in connection with such transfer and full value of the consideration received or accruing as a result of the transfer, into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation as provided in second proviso to section 48 is not available to non-resident Shareholders.

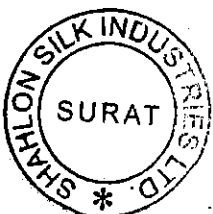
C) Tax Treaty Benefits:

As per Section 90 of the Act, the shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable double taxation avoidance agreement entered into by the Government of India with the country of residence of the non-resident investor.

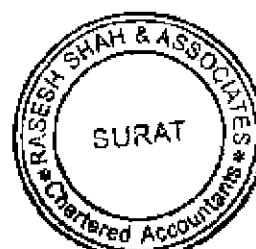
Special provisions in case of non-resident Indians in respect of Income / LTCG from specified foreign exchange assets under Chapter XII-A of the Act.

Non-Resident Indian (NRI) means a citizen of India or a person of Indian origin who is not a resident. Person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.

Specified foreign exchange assets include shares of an Indian company which is



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acquired/purchased/subscribed by NRI in convertible foreign exchange.

As per section 115E of the Act, income (other than dividend which is exempt under Section 10(34)) from investments and LTCG (other than gain exempt under section 10(38)) from assets (other than specified foreign exchange assets) shall be taxable @ 20% (plus applicable Surcharge and Cess). No deduction in respect of any expenditure or allowance or deductions under chapter VI-A shall be allowed from such income.

As per section 115E of the Act, LTCG arising from transfer of specified foreign exchange assets shall be taxable @ 10% (plus applicable Surcharge and Cess).

As per section 115F of the Act, LTCG arising on transfer of a foreign exchange asset shall be exempt in case net consideration from such transfer is invested in the specified assets or savings certificates within six months from the date of such transfer, subject to the extent and conditions specified in that section.

As per section 115G of the Act, in case total income of a NRI consists only of income/LTCG from such foreign exchange asset/specified asset and tax thereon has been deducted at source in accordance with the Act, then, it shall not be necessary for a NRI to file return of income under Section 139(1) of the Act.

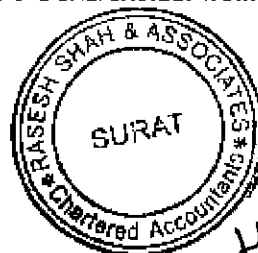
As per section 115H of the Act, where a person who is a NRI in any previous year, becomes assessable as a resident in India in respect of the total income of any subsequent year, he may furnish a declaration in writing to the assessing officer, along with his return of income under section 139 of the Act for the assessment year in which he is first assessable as a resident, to the effect that the provisions of the chapter XII-A shall continue to apply to him in relation to investment income derived from the specified assets for that year and subsequent years until such assets are transferred or converted into money.

As per section 115I of the Act, the NRI can opt not to be governed by the provisions of chapter XII-A for any assessment year by furnishing return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of this chapter shall not apply, in which case the other provisions of the income tax act shall apply.

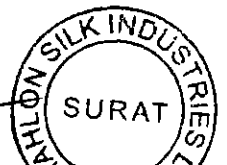
BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS (FIIS)

A) Dividend Income:

As per the provisions of section 10(34) of the I.T. Act, dividend (both interim and final), if any, referred to in section 115-O of the I.T. Act, received by the shareholder from a domestic company is exempt from tax.



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B) Capital Gains:

In Finance Act (No.2), 2014 it was provided that any securities held by a FII which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 would be capital asset. Consequently, the income arising to a FII from transactions in securities would always be in the nature of capital gain.

Long term Capital gain

In accordance with section 115AD, FIIs will be taxed at 10 percent (plus applicable surcharge and cess) on long-term capital gains (computed without indexation of cost and foreign exchange fluctuation), if STT is not payable on the transfer of the shares.

Section 112A provides for tax on long term capital gains arising on transfer of the following assets-

- (i) Equity shares in a company listed in a recognized stock exchange;
- (ii) Unit of an equity oriented fund;
- (iii) Unit of a business trust.

The LTCG exceeding INR 1 Lakh from the transfer of these assets made on or after 1st April 2018 will be taxed at 10 percent.

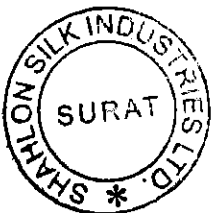
The section would apply to the above assets if they are held for a period of more than 12 months immediately before the date of transfer; and the Securities Transaction Tax (STT) is paid at the time of acquisition and transfer, in case of equity shares and at the time of transfer in case of others.

As per Section 115AD of the Act, income (other than income by way of dividends referred to Section 115O) received in respect of securities (other than units referred to in Section 115AB) shall be taxable at the rate of 20% (plus applicable Surcharge and Cess). No deduction in respect of any expenditure/allowance shall be allowed from such income.

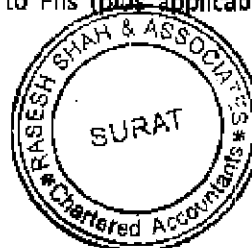
LTCG arising on transfer of a long term capital asset, being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to STT is exempt from tax under Section 10(38) of the Act.

Short Term Capital Gains:

STCG arising on transfer of securities where such transaction is chargeable to STT, shall be taxable at the rate of 15% (plus applicable Surcharge and Cess) as per section 111A of the Act. If the provisions of section 111A are not applicable to the short term capital gains, then the tax will be charged at the normal tax rate applicable to FIIs (plus applicable surcharge and cess), as



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applicable.

Benefit of exemption under Section 54EC of the Act shall be available as outlined in Point (F) of Benefits to Company above.

C) Tax Treaty Benefits:

In accordance with the provisions of section 90 of the I.T. Act, FIs being non-residents will be entitled to choose the provisions of I.T. Act or the provisions of tax treaty entered into by India with other foreign countries, whichever are more beneficial, while deciding taxability in India (subject to furnishing of Tax Residency Certificate & Information in the Form 10F as prescribed vide Notification 57 of 2013 dated August 1, 2013). However, it may be noted that Tax Authorities may ask for other information and supporting documents if required.

BENEFITS AVAILABLE TO MUTUAL FUNDS

As per the provisions of Section 10(23D) of the Act, any income of mutual funds registered under the Securities and Exchange Board of India, Act, 1992 or Regulations made there under, mutual funds set up by public sector banks or public financial institutions and mutual funds authorized by the Reserve Bank of India, would be exempt from income-tax, subject to the prescribed conditions.

2. WEALTH TAX ACT, 1957

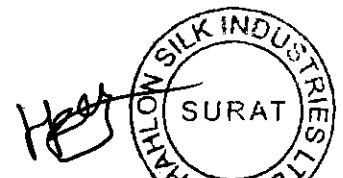
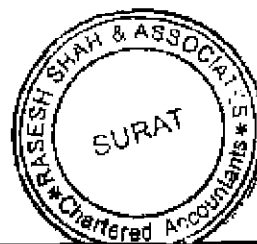
Shares in a company, held by a shareholder are not treated as an asset within the meaning of Section 2(ea) of the Wealth Tax Act, 1957, hence, wealth tax is not applicable on shares held in a company.

3. GIFT TAX ACT, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of share will not attract gift tax.

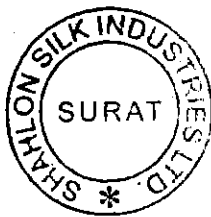
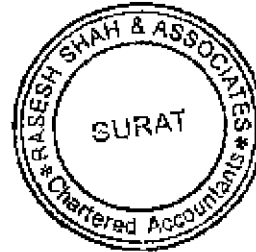
Notes:

- All the above benefits are as per the current tax law relevant for the Assessment Year 2019-20 (considering the amendments made by Finance Act, 2018) and will be available only to the sole/first named holder in case the shares are held by joint holders.
- In view of the individual nature of tax consequences, each investor is advised to consult his/her



own tax advisor with respect to specific tax consequences.

- c) In respect of non-resident investors, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the relevant Double Tax Avoidance Agreement (DTAA), if any, between India and the country of residence of the non-resident investor.
- d) The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Equity Shares held as Investment (and not as stock in trade).



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SHAHLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

8. COMPANY HISTORY & MANAGEMENT – ABOUT SHAHLON SILK INDUSTRIES LIMITED

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. The Registered Office of the Company is at 91, G.I.D.C., Khatodara, B/H.: Sub-Jail, Ring Road, Surat- 395002, Gujarat.

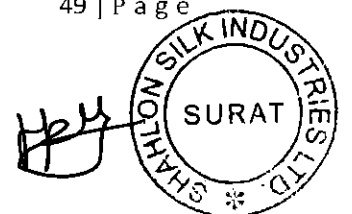
Main Object of the Company:

The objects for which the "SSIL" has been established are set out in its Memorandum of Association. The main objects are set out hereunder:

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 yarn and other kinds of yarns.
5. To take over the running business of partnership firm M/s. Shah Silk Corporation under Part- IX.

Change in Memorandum and Articles of Association since the Company's inception

1. The authorized share capital of the Company was increased from Rs. 15,00,000 to Rs. 50,00,000 divided into 5,00,000 Equity Shares of Rs. 10/- each at its Extra Ordinary General Meeting held on 15th April, 2008.
2. The authorized share capital of the Company was further increased from Rs. 50,00,000 to Rs. 75,00,000 divided into 7,50,000 Equity Shares of Rs. 10/- each at its Extra Ordinary General Meeting held on 15th March, 2012.
3. 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.
4. The authorized share capital of the Company was further increased from Rs. 75,00,000 to Rs. 5,00,00,000 divided into 50,00,000 Equity Shares of Rs. 10/- each pursuant to the Scheme of Arrangement approved by Hon'ble High Court of Gujarat at Ahmedabad vide its order dated 1st August, 2014.
5. The Company adopted new set of Articles of Association pursuant to Companies Act, 2013 at its Extra Ordinary General Meeting held on May 11, 2015.
6. The authorized share capital of the Company has been increased from Rs. 5,00,00,000/- to Rs. 12,00,00,000/- divided into 1,20,00,000 equity shares of Rs. 10/- each at its Extra Ordinary General Meeting held on 24th February, 2018.
7. The name of Company was changed from Shahlon Silk Industries Private Limited to "Shahlon Silk Industries Limited" consequent to conversion from Private Company to Public Company vide fresh Certificate of Incorporation dated August 10, 2018.
8. As per order dated 10th May, 2019 of NCLT, Ahmedabad for Scheme of Merger by Absorption of Fairdeal Filaments Limited (FFL/ Transferor Company) with Shahlon Silk Industries Limited (SSIL/ Transferee Company), the Authorized Share Capital of FFL is transferred to and combined with the Authorized Share Capital of SSIL. Hence, the Authorized Share Capital of SSIL shall be Rs. 32,00,00,000/- consisting of 3,20,00,000 Equity Shares of Rs. 10/- each.
9. As per order dated 10th May, 2019 of NCLT, Ahmedabad for Scheme of Merger by Absorption of Fairdeal Filaments Limited (FFL/ Transferor Company) with Shahlon Silk Industries Limited (SSIL/ Transferee Company), the name of the Transferee Company will be changed from Shahlon Silk Industries Limited to "Shahlon Limited" or any other name as approved by Ministry of Corporate Affairs.



SHAHLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

Subsidiaries of the Company:

The Company has no subsidiary company as on date of this Information Memorandum.

Details of listing and Highest & Lowest Market Price during the preceding Six Months:

Not Applicable

Shareholders' Agreement

There is no separate agreement executed between any shareholder and the Company.

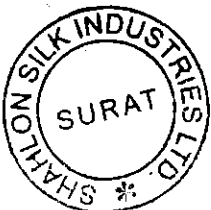
Strategic / Financial Partners and Other Material Contracts

The Company does not have any strategic/ financial partners or has not entered any material contracts other than in ordinary course of business.

9. BOARD OF DIRECTORS & MANAGEMENT:

The overall management is vested in the Board of Directors, comprised of qualified and experienced persons. The Board of Directors and Management as on date of this Information Memorandum is:

Sr. No.	Name, Age, Fathers Name, Address, Occupation, Date of Birth, DIN & PAN No.	Nature of Directorship	Date of Appointment	Other Directorships held in Indian Companies
1.	<p>MR. DHIRAJLALRAICHAND SHAH S/O: MR. RAICHAND KANJI SHAH AGE: 64 YEARS ADDRESS: S-135, SOMESHWARA ENCLAVE, UDHANAMAGDALLA ROAD, VESU, SURAT- 395007, GUJARAT OCCUPATION: BUSINESS DOB: 18/02/1955 DIN: 00010480 PAN: ACIPS3898J</p>	Executive Chairman / Executive Promoter Director	03/09/2018	i. Surat Mega Textile Processing Park Association ii. Shahlon Envirocare Private Limited iii. Fairdeal Eco Infra Private Limited iv. Fairdeal Textile Park Private Limited v. Sayan Textile Park Private Limited vi. The Synthetic and Rayon Textiles Export Promotion Council
2.	<p>Mr. ARVIND RAICHAND SHAH S/O: MR. RAICHAND KANJI SHAH AGE: 60 YEARS ADDRESS: 202, SONERI APARTMENT, NEAR CHINMAY HOSPITAL, NEAR FORUM APARTMENT, GHOD DOD ROAD, SURAT- 395007, GUJARAT OCCUPATION: BUSINESS DOB: 28/07/1958 DIN: 00010483 PAN: AFHPS5480E</p>	Managing Director/Executive Promoter Director	03/09/2018	Nil
3.	<p>MR. NITIN RAICHAND SHAH S/O: MR. RAICHAND KANJI SHAH AGE: 58 YEARS ADDRESS: 9, DEEP MANGAL SOCIETY, NEAR NARMAD LIBRARY, ATHWALINES, SURAT- 395007, GUJARAT OCCUPATION: BUSINESS DOB: 13/01/1961 DIN: 00010487 PAN: ACIPS3899K</p>	Whole-time Director / Executive Promoter Director	03/09/2018	i. Autotech Non-Wovens Private Limited ii. Shahlon Envirocare Private Limited iii. Fairdeal Textile Park Private Limited



SH AHLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

4.	MS. RICHA MANOJ GOYAL D/O: MR. SURESH NATHMALJI KEDIA AGE: 44 YEARS ADDRESS: 501, PRAKRUTI APARTMENT, OPPOSITE UMA BHAVAN, BHATAR ROAD, ALTHAN, SURAT- 395017, GUJARAT OCCUPATION: PROFESSIONAL DOB: 08/01/1975 DIN: 00159889 PAN: AELPG9958C	Independent Woman Director	03/09/2018	i. Shree Ambaji Fibres Private Limited
5.	MR. RAJENDRA KUNDANLAL DESAI S/O: KUNDANLAL BHIMBHAI DESAI AGE: 68 YEARS ADDRESS: 4/B, SHANTI KUNJ SOCIETY, NEAR L.B. CINEMA, SURAT MUNICIPAL. CORP, BHATAR ROAD, SURAT- 395001, GUJARAT OCCUPATION: PROFESSIONAL DOB: 27/03/1951 DIN: 00198139 PAN: ABGPD9675H	Independent Director	03/09/2018	i. Mehar Synthetics Private Limited ii. Nikon Synthetics Private Limited
6.	MR. VAIBHAV JAYANTBHAI MEHTA S/O: JAYANTBHAI NARSIDAS MEHTA AGE: 43 YEARS ADDRESS: B/1/401, ISHAN RESIDENCY, NEAR ISHAN BUNGLOWS, NEAR C.G.ROAD CHANDKHEDA, MANSA, GANDHINAGAR- 382424 OCCUPATION: PROFESSIONAL DOB: 20/08/1976 DIN: 08484567 PAN: AEWPM4035M	Independent Director	17/06/2019	Nil
7.	MR. SATISH HARGOVINDDAS SHAH S/O: MR. HARGOVINDDAS CHHOTELAL SHAH AGE: 49 YEARS ADDRESS: 47, KASTURBA MAHILA SOC., PALANPURPATIA, RANDER ROAD, SURAT - 395009 OCCUPATION: SERVICE DOB: 07/02/1970 PAN: AEDPS2251J	Chief Financial Officer (CFO)	01/10/2019	Nil

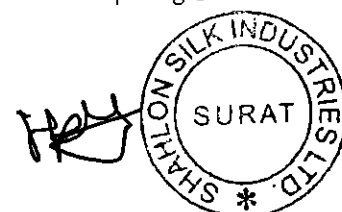
Brief Profile of the Board of Directors and Management:

1. Mr. Satish Hargovinddas Shah (CFO & KMP)

He is a Commerce graduate and Diploma in Financial Management and has an experience of around 30 years in the area of accounts. He is also having experience in the area of costing, MIS, Income Tax, Goods and Service tax etc..

2. Mr. Dhirajlal Raichand Shah (Executive Chairman / Executive Promoter Director)

He 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:



SHAHLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

- 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** (*Managing Director/Executive Promoter Director*)

He 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** (*Whole-time Director / Executive Promoter Director*)

He 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.

5. **Ms. Richa Manoj Goyal** (*Independent Woman Director*)

She is a Law graduate and fellow member of 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.

6. **Mr. Rajendra Kundanlal Desai** (*Independent Director*)

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.

7. **Mr. Vaibhav Jayantbhai Mehta** (*Independent Director*)

He is a Textile Technology Engineer having rich experience of 24 years in Textile industries. He possess sound technical knowledge in the area of weaving, yarn sourcing and fabric developments. He serves in various capacities in big players in textile industry.

Corporate Governance

The regulations of SEBI (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015 to be entered into with the Stock Exchanges with respect to Corporate Governance will be applicable to the Company immediately upon the listing of its Equity Shares on the Stock Exchange. However, the Company is compliant with the provisions of Corporate Governance of SEBI (LODR) Regulations, 2015 and the details are as follows:

a. Composition of Board of Directors

Name of the Director	Designation
Mr. Nitin Raichand Shah	Whole-time Director / Executive Promoter Director
Mr. Dhirajlal Raichand Shah	Executive Chairman / Executive Promoter Director
Mr. Arvind Raichand Shah	Managing Director/Executive Promoter Director
Ms. Richa Manoj Goyal	Independent Woman Director
Mr. Rajendra Kundanlal Desai	Independent Director
Mr. Vaibhav Jayantbhai Mehta	Independent Director
Mr. Satish Hargovinddas Shah	CFO(KMP)
Mr. Hitesh Kantilal Garmora	Company Secretary

b. Composition of Audit Committee

Name of the Director	Designation
Mr. Rajendra Kundanlal Desai	Chairperson
Ms. Richa Manoj Goyal	Member
Mr. Dhirajlal Raichand Shah	Member

c. Composition of Nomination & Remuneration Committee

Name of the Director	Designation
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SHAHLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

Mr. Rajendra Kundanlal Desai	Chairperson
Ms. Richa Manoj Goyal	Member
Mr. Dhirajlal Raichand Shah	Member

d. Composition of Stakeholders Relationship Committee

Name of the Director	Designation
Mr. Rajendra Kundanlal Desai	Chairman
Mr. Arvind Raichand Shah	Member
Mr. Dhirajlal Raichand Shah	Member

Change in Board of Directors since the Company's Inception:

Name of the Director	Date of Appointment	Date of Resignation
MAHENDRA RAICHAND SHAH	02/04/2008	20/10/2018
DIPAN JAYANTILAL SHAH	02/04/2008	20/10/2018
NITIN RAICHAND SHAH	02/04/2008	31/12/2015
JAYANTILAL RAICHAND SHAH	03/04/2008	20/10/2018
DHIRAJLAL RAICHAND SHAH	01/05/2008	20/05/2008
HARSH MAHENDRA SHAH	01/12/2009	01/12/2010
HARSH MAHENDRA SHAH	01/09/2011	30/03/2013
DHIRAJLAL RAICHAND SHAH	03/09/2018	-
ARVIND RAICHAND SHAH	03/09/2018	-
NITIN RAICHAND SHAH	03/09/2018	-
RICHA MANOJ GOYAL	03/09/2018	-
RAJENDRA KUNDANLAL DESAI	03/09/2018	-
VAIBHAV JAYANTBHAI MEHTA	17/06/2019	-

Management:

The Company is managed, controlled and directed by the Board of Directors.

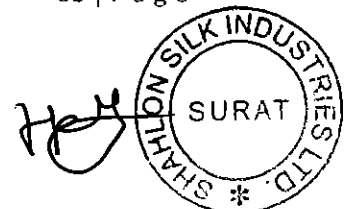
Employees:

Upon effectiveness of the Scheme, all the employees of FFL in service on Effective date shall 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 paid by SSIL.

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 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.

10. PROMOTER AND GROUP COMPANIES:

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



SHAHLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

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.

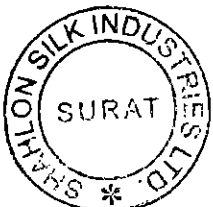
Other than above, the following persons/ entities belong to Promoter Group of the Company:

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 Pravinchandra R. Chheda Huf, Dhirajlal Raichand Shah Karta of Dhirajlal R. Shah Huf, Mahendra Raichand Shah Karta of Mahendra R. Shah Huf, Arvind Raichand Shah Karta of Arvind R. Shah Huf, Nitin Raichand Shah Karta of Nitin R. Shah Huf, Dipan Jayantilal Shah Karta of Dipan J. Shah Huf, Dhirajlal R. Shah Nominee of Lotus Marketing, Mahendra Raichand Shah, Dipan Jayantilal Shah, Kanchan Dhirajlal Shah, Harsh Mahendra Shah, Damyanti Jayantilal Shah, Meena Mahendra Shah, 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, Lewellyn Joseph Rego, Anant Zaverchand Gada, Jayaben Jineshbhai Shah, Jinesh Fulchandbhai Shah, Dhaval Jinesh Shah, Bhavini Dhaval Shah, Suresh Somchand Shah, R. Rohan, R. Varun, Dinesh Michael Rego.

DETAILS OF ITS OTHER GROUP COMPANIES INCLUDING THEIR CAPITAL STRUCTURE AND FINANCIAL STATEMENTS

i. Fairdeal Textile Park Private Limited:

Date of Incorporation, Registered Address and CIN	DOI: 14 th December, 2005, Address: 3rd Floor Dawer Chambers, Nr. Sub-Jail, Ring Road, Surat – 395002, Gujarat, India and CIN: U45300GJ2005PTC047282		
Business Activity	Operating and developing Textile Park- Special purpose vehicle company		
Board of the Directors as on date	Sr. No.	Name	DIN
	1.	Mr. Dhirajlal Raichand Shah	00010480
	2.	Mr. Nitin Raichand Shah	00010487
	3.	Mr. Vimal Gulabchand Chheda	00218975
	4.	Mr. Navinchandra Vadilal Mody	00221887
	5.	Mr. Keshav G. Arora	01346151
	6.	Mr. Niranjana Pramodrai Desai	01967635
	7.	Mr. Umeshkumar Vishnubhai Shroff	03193717
	8.	Mr. Saurabh Kumar Sinha	03360253
	9.	Mr. Saahil Vinay Dudhaiya	07556242
Shareholding Pattern as on date	Category of Shareholder	Total no. of shares	%
	Promoter	4103990	100
	Public	-	-
	Total	4103990	100



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SHAHLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

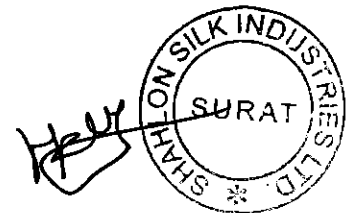
Financial Statements	Particulars	F.Y. 2018-19 (Audited) (Amt. in Rs)
	Equity Share Capital	41039900
	Networth	18851821
	Total Revenue	53640815
	Profit/(Loss) After Tax	(20818778)

ii. Autotech Non-Wovens Private Limited

Date of Incorporation, Registered Address and CIN	DOI: 7 th May, 1991, Address: D/1003, Pratishta Towers Sarela Wadi Ghod-Dod Road, Surat- 395007, Gujarat, India and CIN: U17214GJ1991PTC015596		
Business Activity	Manufacture of non-woven fabrics		
Board of the Directors as on date	Sr. No.	Name	DIN
	1.	Mr. Mahendra Raichand Shah	00009862
	2.	Mr. Nitin Raichand Shah	00010487
	3.	Mr. Ankit Hemantbhai Desai	05322695
	4.	Ms. Savri Desai Ankit	06409380
Shareholding Pattern as on date	Category of Shareholder	Total no. of shares	%
	Promoter	13150000	100
	Public	-	-
	Total	13150000	100
Financial Statements	Particulars	F.Y. 2018-19 (Audited) (Amt. in Rs)	
	Equity Share Capital	131500000	
	Networth	122023241	
	Total Revenue	457596074	
	Profit After Tax (PAT)	1179884	

11. DIVIDEND HISTORY

The Company has not declared any dividend since its inception.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHAHLON SILK INDUSTRIES LIMITED,

Report on the Audit of the Standalone Financial Statements

Opinion:

We have audited the accompanying standalone financial statements of **SHAHN SILK INDUSTRIES LIMITED** ("the Company"), which comprises the Balance Sheet as at **March 31, 2019**, the Statement of Profit and Loss, the Statement of changes in Equity and the Cash Flow statement for the year ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

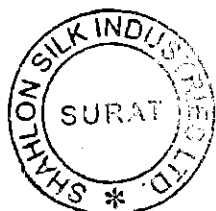
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statement give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019 and its standalone profit including other comprehensive income, its standalone cash flows and the standalone changes in equity for the year ended on that date.

Basis for Opinion:

We conducted our audit of the standalone Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibility for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provision of the Act and Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained are sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters:

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



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Information Other than the Standalone Financial Statements and Auditor's Report Thereon:

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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

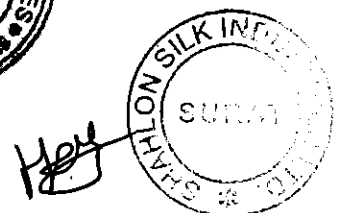
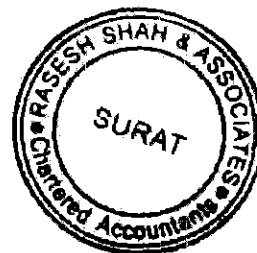
In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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



Auditor's Responsibility for the Audit of the Financial Statement:

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is the high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. As a part of an audit in accordance with SAs, we exercise professional judgement and maintain the professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Other Matter:

The merger of Fairdeal Filament Limited with Shahlon Silk Industries Limited 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.

We did not audit the standalone financial statements of erstwhile Fairdeal Filaments Limited (the "Transferor Company"), whose annual financial statements reflect total assets of Rs. 8910.42 lakhs as at March 31, 2019, total revenue of Rs. 21,951.64 lakhs for the year ended March 31, 2019. These annual financial statements and other financial information of the Transferor Company only have been audited by other auditor whose reports have been furnished to us by the management, and our opinion on the financial statements to the extent they have been derived from such financial statements is based on such report of other auditor. Our opinion on the financial statements is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

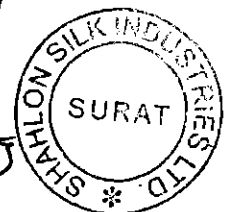


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Report on Other Legal and Regulatory Requirements:

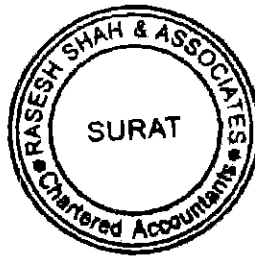
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c) The standalone balance sheet, the standalone statement of Profit and Loss including Other Comprehensive Income, the standalone statement of Changes in Equity and the standalone statement of Cash Flow dealt with by this Report are in agreement with the books of accounts. (Refer Note No.: XXIV).
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - e) On the basis of written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Company does not have any pending litigation which would materially impact its Financial position; (Refer Point XV of Notes to Accounts)
 - ii. The company did not have any long-term contracts including derivative contracts for which they were any material foreseeable losses under the applicable law or accounting standards.
 - iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the company.



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iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended March 31, 2019.

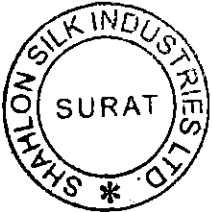
Place: Surat
Date : 16th August, 2019



For, Rasesh Shah & Associates
Chartered Accountants
Firm Reg. No.: 108671W

RASH

(Rasesh B. Shah)
Partner
Membership No.: 034217
UDIN: 19034217AAAAAL8008

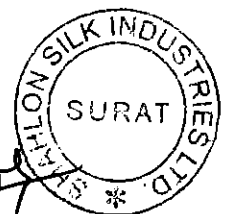
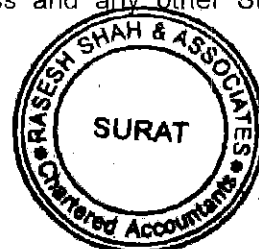


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Annexure – A to the Independent Auditor's Report:

The Annexure-A referred to in Independent Auditor's Report to the members of the Company on the financial statements of the company for the year ended March 31, 2019, we report that:

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to information and explanations given to us, all the assets have been physically verified by the management during the year, there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties other than self-constructed immovable property (buildings), as disclosed in fixed assets to the financial statements, are held in the name of the company.
- (ii) (a) According to information and explanations give to us, the management of the company has conducted physical verification at reasonable intervals of inventories during the period and the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to nature and size of the company and no material discrepancies have been noticed during such verification.
- (iii) (a) In our opinion and according to the information and explanation given to us, the company has not granted any loan secured or unsecured to the companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (b) As the company has not granted any loan as specified in Paragraph (iii)(a), reporting under Paragraph (iii)(b) and (iii)(c) of Companies(Auditor's Report) Order, 2016 is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced any loan under section 185 and 186 of the Act. However, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 with respect to investments made, guarantee given and security provided.
- (v) The company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 as per the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the company.
- (vi) We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2014 prescribed by the Central Government under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom duty, Excise duty, VAT, Cess and any other Statutory dues to the appropriate authorities.

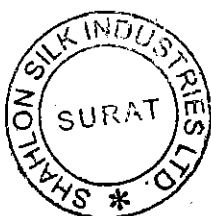


(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31st March, 2019 for a period of more than six months from the date they became payable.

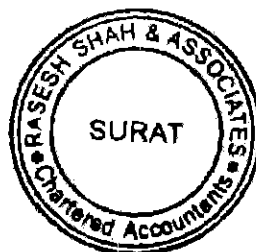
(c) According to the information and explanations given to us, there are dues of Income Tax, Excise Duty have not been deposited as at March 31, 2019 on account of any dispute are given below:

Nature of Dues	Period to which dispute relates	Forum where dispute is pending	Amount under dispute
Excise Duty	AY 2017-18	Central Excise & Service Tax Appellate Tribunal	6.69 Lakhs
Excise Duty	AY 2018-19	Central Excise & Service Tax Appellate Tribunal	24.63 Lakhs (excluding interest)
Penalty on Excise Duty	AY 2018-19	Central Excise & Service Tax Appellate Tribunal	2 Lakhs
Income Tax	AY 2012-13	Commissioner of Income Tax (Appeals)	23.59 Lakhs
Income Tax	AY 2013-14	Commissioner of Income Tax (Appeals)	24.71 Lakhs

- (viii) The company has not defaulted in repayment of any loans or borrowings taken from any financial institution, banks, government or debenture holders during the year. The company has not issued debentures during the year.
- (ix) The company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph (ix) of Order is not applicable. The term loans/ working capital loans obtained during the year have been applied for the purpose which they were raised.
- (x) According to the information and explanation given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) In our opinion and according to the information and explanations given to us, the company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with rule Schedule V to the Act.
- (xii) In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company in terms of section 406 of the Companies Act, 2013. Accordingly, paragraph (xii) of the order is not applicable.



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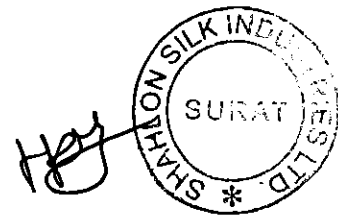
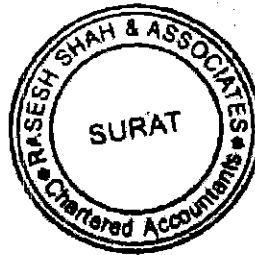


- (xiii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Consequently, requirements of clause (xiv) of paragraph 3 of the order are not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the company, the Company has not entered into non-cash transactions with directors or persons connected with them covered u/s. 192 of the Act. Accordingly, paragraph (xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: Surat
Date : 16th August, 2019

For, Rasesh Shah & Associates
Chartered Accountants
Firm Reg. No.: 108671W

Rash
(Rasesh B. Shah)
Partner
Membership No.: 034217
UDIN: 19034217AAAAAL8008



Annexure - B to the Independent Auditors' Report

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Shahlon Silk Industries Limited of even date)

Report on the Internal Financial Controls over financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **SHAHLON SILK INDUSTRIES LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls:

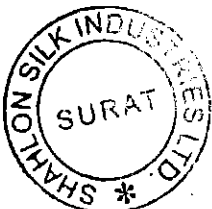
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial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

Auditors' Responsibility

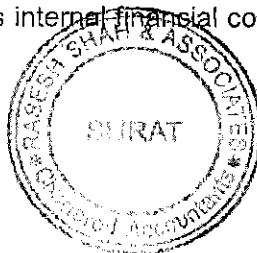
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on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

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

We believe that the audit evidences we have obtained, are sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting of the company.



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Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

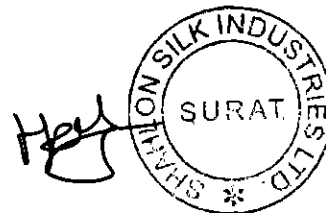
In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Surat
Date : 16th August, 2019



For, Rasesh Shah & Associates
Chartered Accountants
Firm Reg. No.: 108671W

Rai
(Rasesh B. Shah)
Partner
Membership No.: 034217
UDIN: 19034217AAAAAL8008



SHAHLON SILK INDUSTRIES LTD.
BALANCE SHEET AS AT 31/03/2019

(₹ in lakhs)

PARTICULARS	Note No.	As at March 31,2019	As at March 31,2018
I. ASSETS			
(1) NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	1	17,936.49	12,850.14
(b) Capital Work in Progress	1	64.65	209.31
(c) Intangible Assets	1	40.05	44.61
(d) Intangible Assets under Development	1	-	-
(e) Financial Assets			
(i) Investments	2	70.36	70.06
(ii) Other Financial Assets	3	181.95	155.72
(f) Other Non-Current Assets	4	1,085.59	930.09
Total Non-Current Assets		13,379.10	14,259.94
(2) CURRENT ASSETS			
(a) Inventories	5	5,333.95	5,143.85
(b) Financial Assets			
(i) Trade Receivables	6	11,203.38	10,344.46
(ii) Cash & Cash Equivalents	7	39.10	36.77
(iii) Bank Balance other than (ii) above	8	34.25	31.34
(iv) Loans		-	-
(v) Other Financial Assets		-	-
(c) Current Tax Assets (Net)		15.49	12.80
(d) Other Current Assets	9	1,371.04	1,396.43
Total Current Assets		17,997.20	16,965.65
TOTAL ASSETS		31,376.30	31,225.59
II. EQUITY AND LIABILITIES			
(1) EQUITY			
(a) Equity Share Capital	10	1,115.23	1,115.23
(b) Other Equity		7,864.21	7,562.90
Total Equity		8,979.44	8,678.12
LIABILITIES			
(2) NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	11	6,753.51	9,146.68
(ii) Other Financial Liabilities		-	-
(b) Provisions		-	-
(c) Deferred Tax Liabilities (Net)	12	168.48	170.28
(d) Other Non Current Liabilities	13	204.25	210.84
Total Non-Current Liabilities		7,126.23	9,527.80
(3) CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	14	9,781.06	9,867.18
(ii) Trade Payables	15		
- Micro and Small Enterprises		22.60	22.55
- Others		3,575.15	1,093.51
(iii) Other Financial Liabilities		-	-
(b) Other Current Liabilities	16	1,862.35	2,009.03
(c) Provisions		-	-
(d) Current Tax Liabilities (Net)		29.47	27.39
Total Current Liabilities		15,270.64	13,019.67
TOTAL EQUITY AND LIABILITIES		31,376.30	31,225.59

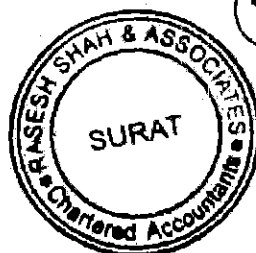
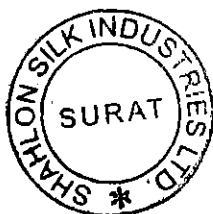
Notes to Accounts & Significant Accounting Policies
The Notes No. 1 to 25 are Integrated Part of these Financial Statements

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

For and on behalf of the Board
Shahlon Silk Industries Limited

CA Rasesh B. Shah
Partner
M.NO. : 034217
UDIN: 19034217AAAAAL8008
Place: Surat
Date: 16.08.2019

Rasesh
Director
H. Ramesh
Company Secretary
J. R. Shah
Director
Chief Financial Officer



SHAHLON SILK INDUSTRIES LTD.
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31/03/2019

(₹ in lakhs)

PARTICULARS	Note No.	2018-19	2017-18
INCOME			
I. Revenue from Operations			
Revenue From Operation	17	53,108.39	52,932.04
Other Income	17	97.76	53.13
Total Revenue		53,206.14	52,985.37
II. EXPENSES			
Cost of Materials Consumed	18	18,480.96	16,574.00
Purchase of Stock-in-trade		22,621.96	24,327.71
Change in Inventories of Finished Goods, Stock-in-trade & Work-in-progress	19	(356.56)	(706.49)
Employee Benefits Expenses	20	3,332.72	3,249.91
Finance Costs	21	1,830.53	1,692.13
Depreciation and Amortisation Expense	22	1,453.22	1,475.23
Other Expenses	23	5,354.46	5,857.75
Total Expenses		52,717.28	52,470.25
III. Profit before Exceptional and Extraordinary Items and Tax (I-II)		488.86	514.93
IV. Tax Expenses - Current Tax		112.12	141.56
- Excess provision/shortfall for taxation		5.56	6.00
- Deferred Tax		(1.80)	103.25
Profit for the Period		372.99	264.11
V. Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss		29.30	(0.63)
(ii) Income tax relating to items that will not be reclassified to profit or loss		9.95	(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)		19.35	(0.51)
VI. Total Comprehensive Income for the year		392.34	263.61
VII. Earnings Per Equity Share:			
(i) Basic	24	3.34	2.37
(ii) Diluted		3.34	2.37

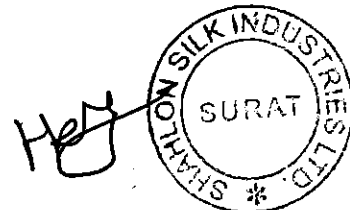
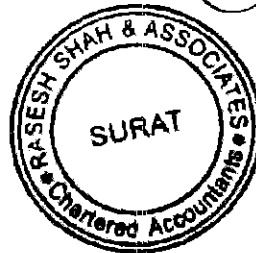
Notes to Accounts & Significant Accounting Policies
The Notes No. 1 to 25 are Integrated Part of these Financial Statements

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

Rasesh
CA Rasesh B. Shah
Partner
M.NO. : 034217
UDIN: 19034217AAAAAL8008
Place: Surat
Date: 16.08.2019

For and on behalf of the Board
Shahlon Silk Industries Limited

[Signature]
Director
[Signature]
Company Secretary
[Signature]
Chief Financial Officer



SHAHLON SILK INDUSTRIES LTD.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON 31st March, 2019

A. EQUITY SHARE CAPITAL

(₹ in lakhs)

Balance at the beginning of the reporting period i.e. 1st April 2018	Changes in equity share capital during the year 2018-19	Balance at the end of the reporting period 31st March 2019
1115.23		1115.23

Fairdeal Filament Limited (Transferor Company) merged with Shahlon Silk Industries Limited (Transferee Company) pursuant to the order of The National Company Law Tribunal on 10.05.2019. Consequently, 67,24,240 fully paid equity shares of ₹ 10 each to the shareholder of Fairdeal Filaments Limited and 16,000 Shares of ₹ 10/- each to be cancelled held by Fairdeal Filaments Limited in the Company has been considered in share pending allotment.

(₹ in lakhs)

	Share Pending Allotment	Reserve and Surplus		Capital Reserve on Amalgamation	Revaluation Surplus	Other Comprehensive Income	Total
		Securities Premium Reserve	Retained Earnings				
As on 31st March, 2018	670.82						
Balance as at 01.04.2018	670.82	310.86	1,568.18	4,421.69	601.36	(10.01)	7,562.90
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	372.99	-	-	-	372.99
Dividends	-	-	(75.63)	-	-	-	(75.63)
Tax on Dividends	-	-	(15.40)	-	-	-	(15.40)
Transfer to retained earnings	-	-	33.81	-	(33.81)	-	-
On Issue of Bonus Share	-	-	-	-	-	-	-
Movement in OCI during the year	-	-	-	-	-	19.35	19.35
Consequent to business combination	-	-	-	-	-	-	-
Balance at the end of the reporting period 31.03.2019	670.82	310.86	1,883.96	4,421.69	567.55	9.34	7,864.21

Notes to Accounts & Significant Accounting Policies

The Notes No. 1 to 25 are Integrated Part of these Financial Statements

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

For and on behalf of the Board
Shahlon Silk Industries Limited

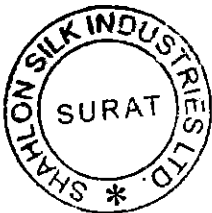
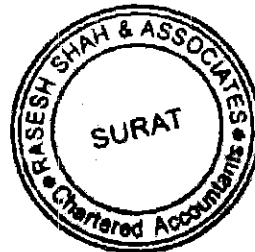
CA Rasesh B. Shah
Partner
M.NO. : 034217
UDIN: 19034217AAAAAL8008
Place: Surat
Date: 16.08.2019

[Signature]
Director

[Signature]
Director

[Signature]
Company Secretary

[Signature]
Chief Financial Officer



[Handwritten signature]

SHAHLON SILK INDUSTRIES LTD.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON 31st March, 2018

A. EQUITY SHARE CAPITAL

(₹ in lakhs)

Balance at the beginning of the reporting period i.e. 1st April 2017	Changes in equity share capital during the year 2017-18	Balance at the end of the reporting period 31st March 2018
1115.23	-	1115.23

Fairdeal Filament Limited (Transferor Company) merged with Shahlon Silk Industries Limited (Transferee Company) pursuant to the order of The National Company Law Tribunal on 10.05.2019. Consequently, 67,24,240 fully paid equity shares of ₹ 10 each to the shareholder of Fairdeal Filaments Limited and 16,000 Shares of ₹ 10/- each to be cancelled held by Fairdeal Filaments Limited in the Company has been considered in share pending allotment.

(₹ in lakhs)

	Share Pending Allotment	Reserve and Surplus		Capital Reserve on Amalgamation	Revaluation Surplus	Other Comprehensive Income	Total
		Securities Premium Reserve	Retained Earnings				
As on 31st March, 2017	-	-	-	-	-	-	-
Balance as at 01.04.2017	-	786.54	1,720.57	4,509.91	639.50	(9.51)	7,647.02
Amount capitalised on Issue of Bonus Shares	-	(475.68)	(416.50)	-	-	-	(892.18)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	264.11	-	-	-	264.11
Dividends	-	-	-	-	-	-	-
Tax on Dividends	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	(38.15)	-	(38.15)
On Issue of Bonus Share	-	-	-	-	-	-	-
Movement in OCI during the year	-	-	-	-	-	(0.51)	(0.51)
Consequent to business combination	670.82	-	-	(88.22)	-	-	582.60
Balance at the end of the reporting period 31.03.2018	670.82	310.86	1,568.18	4,421.69	601.36	(10.01)	7,562.90

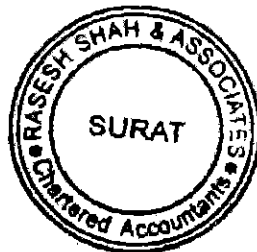
Notes to Accounts & Significant Accounting Policies

The Notes No. 1 to 25 are Integrated Part of these Financial Statements

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

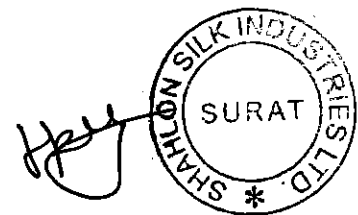
For and on behalf of the Board
Shahlon Silk Industries Limited

CA Rasesh B. Shah
Partner
M.NO. : 034217
UDIN: 19034217AAAAAL8008
Place: Surat
Date: 16.08.2019



[Signature]
Director
[Signature]
Company Secretary

[Signature]
Director
[Signature]
Chief Financial Officer



SHAHLON SILK INDUSTRIES LTD.

Accounting Year: 2018-19

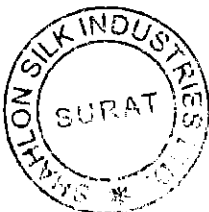
CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31 st March, 2019	2018-2019 (₹ in lakhs)	2017-2018 (₹ in lakhs)
(A) Cash Flow from Operating Activities :		
Net profit before Tax and Extraordinary Items	508.21	514.42
Adjusted For :		
Depreciation	1,453.22	1,475.23
Interest Paid	1,830.53	1,692.13
Proportional Capital Subsidy on Plant Machinery	(6.59)	(6.59)
Extra ordinary item ((Profit) / loss on sale of assets)	(23.15)	(10.93)
Operating Profit before Working Capital Charges	3,762.22	3,664.26
Adjusted For :		
Trade and other receivables	(829.81)	855.52
Inventories	(190.10)	(1,168.67)
Trade payables & Provisions	2,337.09	(609.72)
Cash Generated From Operations	5,079.40	2,741.39
Interest Paid on operations	(1,581.40)	(1,449.07)
Cash flow before Extraordinary items	3,498.01	1,292.32
Short Provision for taxation (Earlier Year)	(5.56)	(6.00)
Current tax	(112.12)	(141.56)
Net Cash from Operating Activities	3,380.32	1,144.76
(B) Cash Flow from Investing Activities		
Purchase of Fixed Assets	(440.11)	(1,079.50)
Sales of Fixed Assets	58.54	34.87
(Purchase) / Sales of Investments	(0.30)	33.60
Capital Subsidy received against Capital Assets under TUF	-	-
Long Term Advances	(174.47)	(20.27)
Net Cash used in Investing Activities	(556.34)	(1,031.30)
(C) Cash Flow from Financing Activities		
Repayment of Finance / Lease / Loan (Net)	(2,393.18)	(442.84)
Share capital including share premium	-	-
Short Term Loan / Other Loan	(86.12)	474.76
Interest Paid on Term Loan	(249.13)	(243.07)
Dividend Paid including Dividend Distribution Tax	(91.02)	-
Net Cash used in Financial Activities	(2,819.45)	(211.15)
NET INCREASE IN CASH & CASH EQUIVALENTS (A)+(B)+(C)	4.53	(97.69)
Opening Cash and Cash Equivalents	120.70	218.39
Closing Cash and Cash Equivalents	125.23	120.70

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

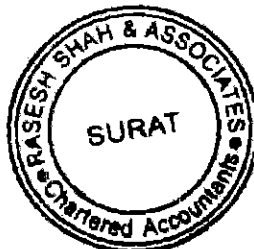
Rasesh
CA Rasesh B. Shah
Partner
M.NO. : 034217
UDIN: 19034217AAAAAL8008
Place: Surat
Date: 16.08.2019

For and on behalf of the Board
Shahlon Silk Industries Limited

[Signature] Director
[Signature] Director
[Signature] Company Secretary
[Signature] Chief Financial Officer



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SHALON SILK INDUSTRIES LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2019

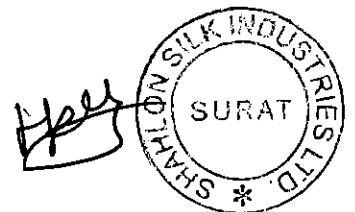
(₹ in lakhs)

1. PROPERTY, PLANT & EQUIPMENT

SR. NO.	PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK		
		As at 01.04.2018	Addition	Disposals	As at 31.03.2019	Upto 31.03.2018	For the Period	Deduct	Upto 31.03.2019	As At 31.03.2019	As At 31.03.2018
	TANGIBLE ASSETS:-										
	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)	-	-	-	-	-	-	-	-	-	-
1	Land	2,092.78	-	-	2,092.78	-	-	-	-	2,092.78	2,092.78
2	Lease Hold Land Apparel Park (SEZ)	1,085.69	-	-	1,085.69	-	-	-	-	1,085.69	1,085.69
3	Building	4,012.01	134.43	-	4,146.45	1,560.82	288.77	-	1,849.59	2,296.86	2,451.20
4	Plant & Machinery	11,006.48	377.33	117.44	11,266.36	5,494.59	856.74	68.74	6,282.59	4,983.77	5,511.88
5	Wind Mill	2,410.30	-	-	2,410.30	998.84	192.06	-	1,190.90	1,219.40	1,411.47
6	Natural Gas Based Handset	2.82	-	-	2.82	2.13	-	-	2.13	0.70	0.70
7	Waste Heat Recovery	1.36	-	-	1.36	1.31	-	-	1.31	0.05	0.05
8	Office Equipment	183.56	10.21	1.14	192.63	146.23	16.33	0.75	161.81	30.82	37.33
9	Computer	211.52	19.95	1.09	230.38	191.88	11.06	1.07	201.87	26.52	19.64
10	Vehicles	385.52	20.07	12.69	392.90	209.95	48.42	12.18	246.19	146.72	175.58
11	Furniture & Fixtures	113.78	4.49	-	118.28	90.96	6.50	-	97.46	20.82	22.82
12	Beam Pipe	122.04	11.84	5.11	128.78	81.03	22.34	4.96	98.41	30.37	41.01
	SUB-TOTAL (A):-	21,627.89	578.33	137.47	22,068.74	8,777.74	1,442.21	87.70	10,132.25	11,936.49	12,850.14
	INTANGIBLE ASSETS:-										
1	Computer (Intangible)	86.52	6.44	-	92.96	41.91	11.01	-	52.92	40.05	44.61
	SUB-TOTAL (B):-	86.52	6.44	-	92.96	41.91	11.01	-	52.92	40.05	44.61
	GRAND TOTAL (A+B):-	21,714.40	584.77	137.47	22,161.70	8,819.65	1,453.22	87.70	10,185.17	11,976.54	12,894.75
	Last Year Detail (₹ in lakhs)	20,696.12	1,078.01	59.72	21,714.40	7,339.98	1,513.38	33.71	8,819.65	12,894.75	13,356.14

Notes:

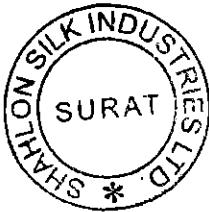
- For properties pledge as securities Refer Note No. 11.
- Depreciation on revalued portion of Fixed Assets calculated on written down method over balance useful life of assets, is transferred from revaluation reserve to the Profit & Loss Amounting to ₹ 32.04 lakhs (P.Y. ₹ 36.00 lakhs)
- The company has acquired 99 years leasehold right of Plot Nos. Composite Unit 1, Composite Unit 2, Plot Nos. 3, 4, 5/A & 15, Fairdeal Textile Park, Village: Mahuvej, Taluka: Mangrol, Dist: Surat, by subscribing to the shares of Fairdeal Textile Park Pvt. Ltd. All the risk and rewards of the leasehold land has been transferred to the Company. The life of leasehold land has been considered beyond estimate because of the period of lease being 99 years and renewable thereafter gives the Company ownership of the plot in perpetuity. The leasehold land has been recognised as finance lease at nil value and the value of shares by virtue of which the Company acquired the leasehold right has been recognised in non-current asset at their historical cost.



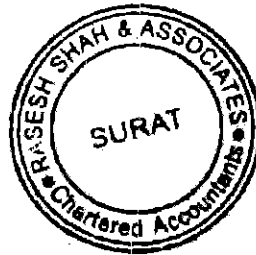
SHAHLON SILK INDUSTRIES LTD.

Notes to financial statement for the year ended 31st MARCH, 2019

	As at March 31,2019	As at March 31,2018
2 NON CURRENT INVESTMENTS		
31,500 (31,500) Shares of Fairdeal Eco Infra Pvt. Ltd.	3.15	3.15
44,280 (44,280) Shares of The Cosmos Co-Op. Bank Ltd.	59.38	59.38
Capital Contribution of Shahlon Industries LLP	1.90	1.90
SBI Blue Chip Fund	5.91	5.64
TOTAL	70.36	70.06
3 OTHER FINANCIAL ASSETS		
Bank Deposits with more than 12 months maturity	51.89	52.59
Agency Deposits	130.07	103.14
TOTAL	181.95	155.72
4 OTHER NON CURRENT ASSETS (Unsecured and Considered Good)		
Keyman Insurance Premium	313.64	298.94
3,92,294 (7,54,794) Shares of Fairdeal Textile Park Pvt. Ltd. (Refer Note 1.3)	380.49	453.00
1,07,000 (1,07,000) Shares of Shahlon Textile Park Pvt.Ltd.	10.70	10.70
Utility Deposits	380.76	167.46
TOTAL	1,085.59	930.09
5 INVENTORIES		
Raw Materials	1,587.19	1,662.77
Work-in-progress	277.63	277.64
Finished Goods	2,580.80	2,705.55
Stock- in-trade	558.08	76.75
Consumable Stores etc.	330.26	421.14
TOTAL	5,333.95	5,143.85
6 TRADE RECEIVABLES (Unsecured and Considered Good)		
Trade Receivables		
Considered Good	11,203.38	10,344.46
Considered Doubtful	34.12	-
Less: - Allowance for Doubtful Debt	(34.12)	-
TOTAL	11,203.38	10,344.46



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SHAHLON SILK INDUSTRIES LTD.

Notes to financial statement for the year ended 31st MARCH, 2019

	As at March 31,2019	As at March 31,2018
7 CASH AND CASH EQUIVALENTS		
a) Balance with Banks in Current Accounts	8.40	11.20
a) Balance with Banks in Unpaid Dividend Accounts	14.13	14.25
b) Cash in Hand	16.56	11.33
TOTAL	39.10	36.77

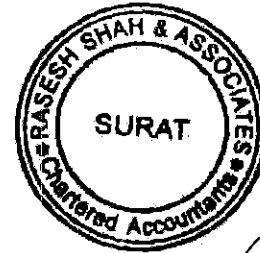
	As at March 31,2019	As at March 31,2018
8 OTHER BANK BALANCE		
Fixed Deposit with scheduled Bank	34.25	31.34
TOTAL	34.25	31.34

	As at March 31,2019	As at March 31,2018
9 OTHER CURRENT ASSETS (Unsecured and Considered Good)		
VAT Receivables	6.31	12.51
Prepaid Expenses	31.75	17.79
Centval Availed	-	4.36
GST Receivables	222.93	280.27
Advances Against Goods	146.43	40.99
Interest Subsidy Receivables (Refer Note 9.1)	224.36	201.10
Export Excise Rebate/GST Receivable	218.29	483.01
Others (Refer Note 9.2)	471.70	299.45
MAT Credit Entitlement	49.28	56.95
TOTAL	1,371.04	1,396.43

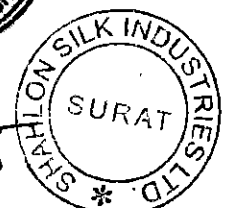
9.1 The Interest subsidy claim amounting to ₹ 209.50 Lacs was submitted to Ministry of Textile through bank out of which amount of ₹ 88.14 Lacs has been provided in the books of accounts is pending to be received. Considering the prolonged process and resultant uncertainty, the company had discontinued 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 ₹ 43.00 Lacs considering the same being received after the balance sheet date.

9.2 Others includes Loans and Advances given to employees amounting to ₹ 53.06 lakhs (P.Y. ₹ 52.88 lakhs) valued at the actual amount of outflow.

	As at March 31,2019	As at March 31,2018
10 EQUITY SHARE CAPITAL		
<u>Authorised</u>		
3,20,00,000 Equity Shares of ₹ 10/- each	3,200.00	3,200.00
(Authorised Share Capital of ₹ 20,00,00,000/- divided into 2,00,00,000 equity shares of ₹ 10/- each of Fairdeal Filaments Limited merged with the Authorised Share Capital of ₹ 12,00,00,000/- divided into 1,20,00,000 equity shares of ₹ 10/- each of the Company pursuant to the Scheme of Merger w.e.f. 01.06.2019)		
TOTAL	3,200.00	3,200.00
<u>Issued, Subscribed and Fully Paid-up</u>		
1,11,52,250 Equity Shares of ₹ 10/- each	1,115.23	1,115.23
(P.Y. 1,11,52,250 Equity Shares of ₹ 10/- each)		
TOTAL	1,115.23	1,115.23



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SHAHLON SILK INDUSTRIES LTD.

Notes to financial statement for the year ended 31st MARCH, 2019

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

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

* A Reconciliation Statement of No. of Outstanding Shares

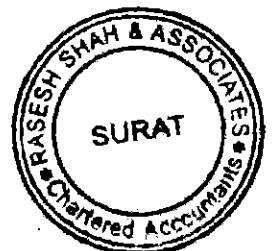
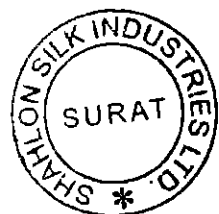
PARTICULARS	As at March 31,2019	As at March 31,2018
Equity Shares Outstanding at the beginning of the year	1,11,52,250	22,30,450
Equity Shares Issued during the year (Refer Note No. 10.2.a)	-	89,21,800
Equity Shares Bought-back during the year	-	-
Equity Shares Outstanding at the end of the year	1,11,52,250	1,11,52,250

10.2 a) During the financial year 2017-18, the Company has issued and allotted 89,21,800 fully paid-up Equity Shares of ₹ 10/- each to the existing Shareholders of the Company as on Record Date being March 30, 2018; as Bonus Shares in the ratio of 4 (Four) Equity Bonus Share for every 1 (One) Equity Shares held.

b) The Company has one class of Shares referred to as Equity Shares having a par value of ₹ 10 each. Each shareholder is entitled to one vote per Share held. The Dividend as and when proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting.

c) Fairdeal Filament Limited (Transferor Company) merged with Shahlon Silk Industries Limited (Transferee Company) pursuant to the order of The National Company Law Tribunal on 10.05.2019. Consequently, 67,24,240 fully paid equity shares of ₹ 10 each to the shareholders of Fairdeal Filaments Limited and 16,000 Shares of ₹ 10/- each to be cancelled held by Fairdeal Filaments Limited in the Company has been considered In share pending allotment.

	As at March 31,2019	As at March 31,2018
OTHER EQUITY		
Capital Reserve on Amalgamation		
Opening Balance	5,092.51	4,509.91
On Amalgamation		
Net Assets Acquired	-	-
Less: Share allotment pending	-	670.82
Inter Company Investment cancelled / value of shares issued over assets acquired		
16,000 (16,000) Shares of Shahlon Silk Industries Ltd. - Cost	-	(22.40)
16,000 (16,000) Shares of Shahlon Silk Industries Ltd. - Face value of shares Cancelled	-	1.60
	-	(67.42)
Difference of the share capital issued to Shareholders of FFL against the assets acquired		
TOTAL (A)	5,092.51	5,092.51
Securities Premium Reserve		
Opening Balance	310.86	786.54
Add: Addition during the year	-	(475.68)
Less: Amount capitalised on Issue of Bonus Shares	-	-
TOTAL (B)	310.86	310.86
Revaluation Reserve Account		
Opening Balance	601.36	639.50
Add: Addition during the year	-	-
Less: Transfer to Profit and Loss A/C	-	(36.00)
Less: Reversal during the year	(33.61)	(2.15)
TOTAL (C)	567.55	601.36
Retained Earnings		
As per Last Balance Sheet	1,568.18	1,720.57
Add: Profit/(Loss) for the year	372.99	264.11
Add: Depreciation on Fixed Assets Revaluation	33.81	-
Less: Amount capitalised on Issue of Bonus Shares	-	(416.50)
Dividend Paid during the year	75.63	-
Tax on Dividend Paid	15.40	-
TOTAL (D)	1,883.96	1,568.18
Other Comprehensive Income (OCI)		
As Per Last Balance Sheet	(10.01)	(9.51)
Add: Movement in OCI during the year	19.35	(0.51)
TOTAL (E)	9.34	(10.01)
TOTAL (A+B+C+D+E)	7,864.21	7,562.90



SHAHN SILK INDUSTRIES LTD.

Notes to financial statement for the year ended 31st MARCH, 2019

	As at March 31,2019	As at March 31,2018
11 FINANCIAL LIABILITIES		
BORROWING		
Secured - At amortised cost		
* (a) Term Loan		
Bank of Baroda (Refer Note No. 11.2.d)	218.46	300.54
The Cosmos Co-op. Bank Ltd. (Refer Note No. 11.2.a)	1,860.87	2,910.15
Mortgage Loan from The Cosmos Co-op. Bank Ltd. (Refer Note No. 11.2.b)	876.05	941.82
* (b) Corporate Loan		
Bank of Baroda (Refer Note No. 11.2.d)	710.70	848.10
* (c) Vehicle Loan		
Vehicle Loan (Refer Note No. 11.2.c)	31.27	47.12
TOTAL (A)	3,697.34	5,047.74
Unsecured - At amortised cost		
(a) From Company / Bank / LIC of India	1,367.11	1,424.34
(b) From Directors / Promoters and their relatives	1,689.05	2,674.61
TOTAL (B)	3,056.16	4,098.95
TOTAL (A+B)	6,753.51	9,146.68

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

	Maturity Profile			
	6-30 Years	2-5 Years	Non Current Total	Current Total
Long Term Secured Loan	780.73	2,916.61	3,697.34	1,381.83
Long Term Unsecured Loan	3,056.16	-	3,056.16	115.29

11.2 Security Details for secured loan

a)

Term Loans facilities from The Cosmos Co-op. Bank Ltd. is secured by Hypothecation of Raw Materials, Stock-in-Process, Finished Goods, Book Debts, Plant and Machinery, 1.25 MW Windmill situated at Village: Bhogal, 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)

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., 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

c) Vehicle Loans are Secured by Hypothecation of Vehicles

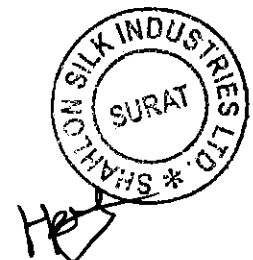
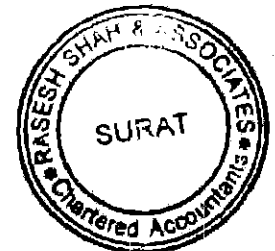
d)

Term Loan and Corporate Loan facilities from Bank of Baroda is 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: Mola 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.

* Secured / Unsecured Loans of ₹ 1,497.11 lakhs Repayable/ redeemable within one year, which is shown in Other Current Liabilities under Current Maturities of Long Term Debts.

	As at March 31,2019	As at March 31,2018
12 DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liability/(Assets) on account of :		
Depreciation on Fixed Assets	198.84	260.79
Unabsorbed Depreciation	-	(75.09)
Provisions for Bad Debts	(11.39)	-
Provision for Bonus	(3.76)	(11.05)
Provision for Leave	(2.61)	(2.35)
Provision for Gratuity	(17.95)	(6.88)
Ind AS adjustment due to Fair value of Investments	5.35	4.86
Deferred Tax Liabilities(Net)	168.48	170.28

	As at March 31,2019	As at March 31,2018
13 OTHER NON CURRENT LIABILITIES		
Capital Subsidy under TUF		
Opening Balance	210.84	217.43
Add: Addition during the year	-	-
Less: Proportionate Capital Subsidy transferred to Profit and Loss Account	(6.59)	(6.59)
TOTAL	204.25	210.84



SHAHLON SILK INDUSTRIES LTD.

Notes to financial statement for the year ended 31st MARCH, 2019

	As at March 31,2019	As at March 31,2018
14 SHORT TERM BORROWING		
Secured		
<u>Working Capital Loan</u>		
Bank of Baroda Rupee Loan (Refer Note No. 14.1.d)	2,458.73	2,311.10
Cosmos Bank Rupee Loan (Refer Note No. 14.1.a)	4,858.67	4,635.28
Cosmos Bank PCFC/PSCFC Loan (Refer Note No. 14.1.a)	606.52	752.91
Foreign Bills under LC Discounting (Refer Note No. 14.1.b)	616.92	953.78
Short Term Loan from State Bank of India (Under Channel Financing) (Refer Note No. 14.1.c)	444.90	425.54
Unsecured		
Short Term Loan from ICICI Bank Ltd. (Under Channel Financing)	795.32	788.58
TOTAL	9,781.06	9,867.18

14.1. Security Details for secured loan

a)

Working capital (Cash credit) facilities from The Cosmos Co-op. Bank Ltd. is secured by Hypothecation of Raw Materials, Stock-in-Process, finished Goods, Book Debts, Plant and Machinery, 1.25 MW Windmill situated at Village: Bhogat, Taluka: Kalyanpur, Dist: Jamnagar, 0.6 MW Windmill situated at Village: Suthari, Taluka: Abdasa, Dist: Kutch, 2.10 MW Windmill situated at Village: Valsara, Taluka: Abdasa, Dist: Kutch AND Equitable Mortgage of Factory Land & Building situated at Block No. 297 & 298, Limodara 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/1, 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.

d)

Working capital (Cash credit) facilities from Bank of Baroda is 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.

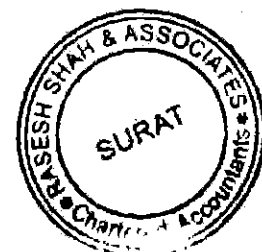
	As at March 31,2019	As at March 31,2018
15 TRADE PAYABLES		
(a) Micro and Small Enterprises (Refer Footnotes (i) and (ii))	22.60	22.55
TOTAL (A)	22.60	22.55
(b) Other		
(i) For Goods & Other Purchases	2,945.58	569.64
(ii) For Expenses	629.57	523.87
TOTAL (B)	3,575.15	1,093.51
TOTAL (A+B)	3,597.75	1,116.07

Footnotes:

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

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

	As at March 31,2019	As at March 31,2018
(a) The principal amount remaining unpaid to supplier as at the end of the accounting year	22.60	22.55
(b) The interest due thereon remaining unpaid to supplier as at the end of the accounting year	-	-
(c) The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
(d) The amount of interest due and payable for the year	-	-
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-



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SHAHN SILK INDUSTRIES LTD.
Notes to financial statement for the year ended 31st MARCH, 2019

		As at March 31,2019	As at March 31,2018
16	OTHER CURRENT LIABILITIES		
	Advance From Customers	86.83	88.32
	Other Payables - Employees	50.60	44.83
	Other Payables	60.27	59.52
	Provision for earned Leave	7.81	7.38
	Provision for earned Bonus	11.28	10.75
	Provision for gratuity	53.78	45.97
	Current Maturities of Long Term Secured Loan	1,381.83	1,462.39
	Current Maturities of Long Term Unsecured Loan	115.29	197.61
	Interest accrued but not due on borrowings	3.44	0.18
	Unclaimed Dividend	14.13	14.25
	Statutory dues towards TDS/VAT/CST/Service Tax etc.	77.09	77.84
	TOTAL	1,862.35	2,009.03

		For the year ended March 31, 2019	For the year ended March 31, 2018
17	REVENUE FROM OPERATIONS		
	<u>Sale of Products</u>	51,727.66	51,771.21
	Add : Job Work Income	175.55	294.97
	TOTAL (A)	51,903.21	52,066.18
	<u>Other Operating Revenue</u>		
	Sale of Power/Windmill Energy (Captive Consumption)	582.83	556.90
	Profit/(Loss) on sale of Assets / Investment	23.28	16.09
	Dividend	1.17	0.002
	Other Operating Income	78.59	104.50
	Proportionate Capital Subsidy on Plant & Machinery	6.59	6.59
	Factory Shed Rent	1.79	3.00
	Commission Income Net	382.82	100.05
	Urban Trend Income	-	7.50
	Income/(Loss) from Currency Swap / Exch. Variance	128.12	71.24
	TOTAL (B)	1,205.18	865.86
	<u>Other Income</u>		
	Interest	61.45	48.71
	Godown Rent	36.00	-
	Fair value increase in Investment	0.30	4.42
	TOTAL (C)	97.76	53.13
	TOTAL (A+B+C)	53,206.14	52,985.17

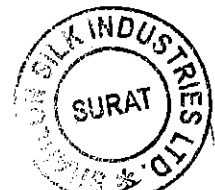
17.1 Profit/Loss on Translation of monetary Items are recognized in Profit and Loss account in accordance with para 13.8.1 of Ind AS-21.

17.2 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.

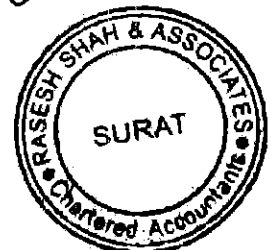
		For the year ended March 31, 2019	For the year ended March 31, 2018
18	COST OF MATERIALS CONSUMED		
	Raw Material Consumed (Indigenous)	18,243.93	16,284.23
	Raw Material Consumed (Imported)	237.03	289.78
	TOTAL	18,480.96	16,574.00

		For the year ended March 31, 2019	For the year ended March 31, 2018
18.1	Opening Stock	1,662.77	1,245.76
	Purchase Indigenous	18,158.60	16,663.43
	Purchase Imported	246.77	327.59
		20,068.15	18,236.78
	Less : Closing Stock	1,587.19	1,662.77
	TOTAL	18,480.96	16,574.00

		For the year ended March 31, 2019	For the year ended March 31, 2018
19	Change in Inventories of Finished Goods, Stock-in-trade & Work-in-progress		
	FINISHED GOODS		
	<u>A. Opening Stock</u>		
	WIP Goods	277.64	160.57
	Finished Goods / Stock in Trade	2,782.30	2,192.89
	TOTAL (A)	3,059.94	2,353.45
	<u>B. Closing Stock</u>		
	WIP Goods	277.63	277.64
	Finished Goods / Stock in Trade	3,138.87	2,782.30
	TOTAL (B)	3,416.51	3,059.94
	[(INCREASE)/DECREASE IN STOCK]	(356.56)	(706.49)



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SHAHLON SILK INDUSTRIES LTD.

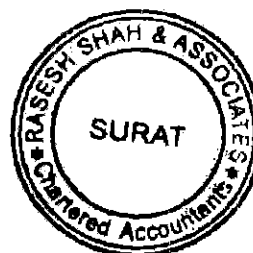
Notes to financial statement for the year ended 31st MARCH, 2019

	For the year ended March 31, 2019	For the year ended March 31, 2018
20 EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages and Bonus	3,113.35	2,986.39
Contribution to Provident & Superannuation Fund	103.23	144.81
Group Gratuity Premium Exp. (Refer Note No. 20.1 & 20.2)	45.51	54.53
Staff Welfare Expenses	70.62	64.18
TOTAL	3,332.72	3,249.91

Gratuity:

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

20.1. Defined Benefit Plan (relatable to Transferee Company, Refer Note No.: XXV)		
Reconciliation of opening and closing balances of Defined benefit obligation		
Particulars	2018-19	2017-18
Defined Benefit Obligation at beginning of the year	199.32	162.47
Add: Current service cost	31.22	39.72
Interest Cost	15.95	13.00
Actuarial (Gain)/ Loss	(38.97)	(12.31)
Benefits paid	(12.00)	(3.55)
Defined Benefit Obligation at end of the year	195.52	199.32
Reconciliation of opening and closing balances of fair value of Plan Assets		
	Gratuity (Funded)	Gratuity (Funded)
Particulars	2018-19	2017-18
Opening value	167.86	113.86
Contributions of Employer	6.77	53.69
Investment income on Plan Assets	13.43	16.80
Actual return on plan assets	(6.61)	(12.95)
Benefits paid	(12.00)	(3.55)
Fair value of Plan Assets at end of the year	169.45	167.86
Actual return on plan assets	(6.61)	(12.95)
Reconciliation of fair value of Assets and Obligations		
	Gratuity (Funded)	Gratuity (Funded)
Particulars	2018-19	2017-18
Fair Value of Plan Assets	169.45	167.86
Present Value of Defined Benefit Obligation	195.52	199.32
Amount recognized in Balance sheet (Surplus/Deficit)	26.07	31.47
Expenses recognised during the year		
	Gratuity (Funded)	Gratuity (Funded)
Particulars	2018-19	2017-18
In Income Statement		
Current Service Cost	31.22	39.72
Net Interest Cost on Defined Benefit Liability/ (Asset)	2.52	(3.80)
Net Cost	33.73	35.92
In Other Comprehensive Income		
Actuarial Gain/(Losses) due to defined benefit obligation	38.97	12.31
Actual return on plan assets excluding expected interest on plan assets	(6.61)	(12.95)
Net Income/(Expenses) for the year recognized in OCI	32.36	(0.63)
Actuarial Assumptions		
	Gratuity (Funded)	Gratuity (Funded)
Particulars	2018-19	2017-18
Discount rate (per annum)	0.08	0.08
Expected rate of return on plan assets (per annum)	0.08	0.08
Rate of escalation in Salary (Per annum)	0.05	0.05
Rate of employee turnover (Per annum)	0.05	0.05

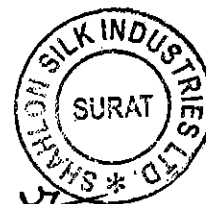
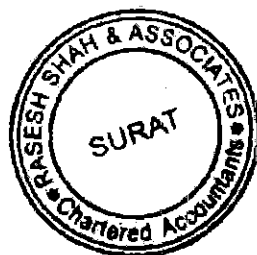


SHAHLON SILK INDUSTRIES LTD.

Notes to financial statement for the year ended 31st MARCH, 2019

	For the year ended March 31, 2019	For the year ended March 31, 2018
22		
DEPRECIATION AND AMORTISATION EXP.		
Depreciation for the period	1,453.22	1,475.23
TOTAL	1,453.22	1,475.23
23		
OTHER EXPENSES		
Other Manufacturing Expenses		
Consumable Stores (Refer Note No. 23.3 to 23.5)	1,455.30	1,713.20
Power and Fuel	2,066.48	2,096.03
Repairs - Plant & Machinery	170.78	181.94
- Buildings	42.63	51.88
Factory Expense	174.53	160.69
Job Charges	104.97	97.64
Leave & License Agreement	0.10	0.10
Lising Charges	5.92	6.09
Wind Mill Exp.	187.87	185.02
Excise Duty	-	129.49
TOTAL (A)	4,208.59	4,622.09
Windmill Expenses		
Lease Rent	1.44	1.47
Insurance	1.93	2.45
Repairs & Maintenance	101.88	81.38
Professional Expenses	1.14	0.95
Term Loan Interest	81.49	98.77
	187.87	185.02
Selling & Distribution Expenses		
Urban Trend Exp.	-	9.06
Tempo Freight and Octroi	220.47	178.44
Vehicle Repairs & Maintenance	0.67	1.18
Bad Debts	34.12	-
Advertisement Expense	50.30	55.57
Brokerage Expenses	183.82	182.89
TOTAL (B)	489.38	427.14
Administrative & Other Expenses		
Rent	44.31	23.61
Insurance	23.15	25.77
Directors Remuneration	215.36	251.58
Director's Fees	1.95	2.23
Donation *	25.52	169.60
Electricity Expenses	11.94	8.93
Travelling and Conveyance Expenses	112.83	101.73
Postage and Telephone Expenses	33.91	33.97
Auditors Remuneration - For Statutory Audit	3.80	6.05
Computer Expenses	22.39	19.89
Legal and Professional Expenses	95.92	96.26
Repair & Maintenance of Furniture & Off. Equip.	16.13	20.47
Printing and Stationary Expenses	20.88	15.75
General Expenses	27.54	32.55
ISO 9001:2000 Certification Exp.	0.67	0.13
TOTAL (C)	656.49	808.51
TOTAL (A+B+C)	5,354.46	5,857.75

* Donation for financial year 2018-19 of ₹ 25.52 lakhs (P. Y. ₹ 169.60 lakhs) includes ₹ 22.00 lakhs (P.Y. ₹ 157.51 lakhs) contribution donated to a political party in compliance with section 182 of the Companies Act, 2013



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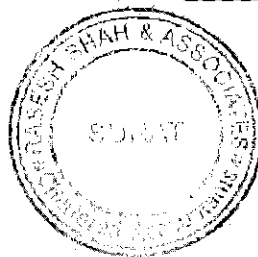
SHAHLON SILK INDUSTRIES LTD.
Notes to financial statement for the year ended 31st MARCH, 2019

20.2	Defined Benefit Plan (relatable to Transferor Company, Refer Note No.: XXV)	2018-19	2017-18
a.	<u>Amounts recognized in Balance Sheet are as follows:</u>		
	A. Present Value of Defined Benefit Obligation		
	- Wholly Funded	135.67	122.92
	- Wholly Unfunded		
		135.67	122.92
	Less: Fair Value of Plan Assets	135.67	122.92
	Amount to be recognized as Liability or (Assets)	-	-
	B. Amount Reflected in Balance Sheet		
	- Liability	27.71	14.50
b.	<u>Amounts recognized in Profit & Loss Account:</u>		
	1. Current Service Cost	11.78	18.61
	2. Interest Cost	8.45	7.81
	3. Expected Return on Plan Assets	8.45	7.81
	4. Actuarial Losses/(Gains)	-	-
	Total included in * Payments and Benefits to Employees*	11.78	18.61
c.	<u>Changes in present value of defined benefit obligation representing reconciliation of opening & closing balances thereof are as follows:</u>		
	Opening Value of present value of defined benefit obligation	104.31	81.68
	Add: Current service cost	11.78	18.61
	Add: Interest Cost	8.45	7.81
	Add: Contribution made	1.63	4.31
		126.18	112.21
	Less: Mortality Charges	2.03	2.09
	Less: Benefits paid	4.40	5.80
	Less: Current Service Provision		
	Less: accrued gain/loss	(3.06)	
	Closing Value of present value of defined benefit obligation	122.80	104.31
d.	<u>Principal Actuarial Assumptions at the Balance Sheet Date (expressed as Weighted Averages)</u>		
	Discount Rate (p.a.)	0.08	0.08
	Expected Rate of Return on Assets (p.a.)	0.08	0.08

21		For the year ended March 31, 2019	For the year ended March 31, 2018
	FINANCE COST		
	Bank Charges	50.67	80.24
	Term Loan Interest	249.13	243.07
	Working Capital Interest	943.97	845.42
	Interest on Unsecured Loan	381.52	382.08
	Interest Paid to Suppliers of Goods	96.36	26.35
	Bill Discounting Interest	101.72	111.18
	Interest On Vehicle Finance	7.15	3.80
	TOTAL	1,850.53	1,692.13



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SHAHLON SILK INDUSTRIES LTD.

Notes to financial statement for the year ended 31st MARCH, 2019

23.1 Payment to Auditors as:

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) As an Auditor (Including Tax Audit Fees)	3.80	6.05
(b) Capacity in respect of : (i) Company Law Matter (ii) Taxation Matter (iii) Management Services (iv) In any other manner (v) Reimbursement of expenses	0.42	0.38

23.2 Expenditure in foreign currency (On Payment Basis)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
(i) Foreign Travelling Expenses	13.18	9.07
(ii) Consumables Stores	23.28	148.92
(iii) Raw Materials	230.76	259.94
(iv) Capital Goods	8.70	125.57
(v) Export Commission	67.08	75.56
(vi) Exhibition Expenses	9.32	5.05

PACKING MATERIAL	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening Stock	29.69	28.57
Purchase Indigenous	330.37	364.20
Purchase Imported	-	-
	360.06	392.78
Less : Closing Stock	24.29	29.69
TOTAL	335.77	363.08

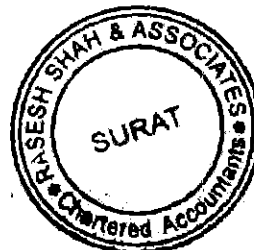
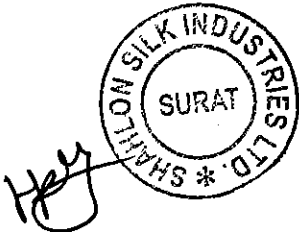
CHEMICAL & OIL	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening Stock	68.11	42.85
Purchase Indigenous	694.90	895.16
Purchase Imported	1.95	-
	764.96	938.02
Less : Closing Stock	31.61	68.11
TOTAL	732.95	869.90

STORES	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening Stock	313.17	292.08
Purchase Indigenous	288.94	332.25
Purchase Imported	47.78	169.05
	649.90	793.38
Less : Closing Stock	263.31	313.17
TOTAL	386.58	480.21

23.6 REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

Remittances by the company in foreign currencies for dividends (including amount credited to Non-Resident External Accounts):

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a) No. of Non-resident shareholders	6	6
b) No. of Equity Shares of face value of ₹ 10 each held	1,37,070	1,37,170
c) i) Amount of Dividend Paid (Gross)	1.71	1.71
ii) Tax Deducted at Source	-	-
iii) Year to which dividend relates	2017-18	2016-17



SHAHLON SILK INDUSTRIES LTD.

Notes to financial statement for the year ended 31st MARCH, 2019

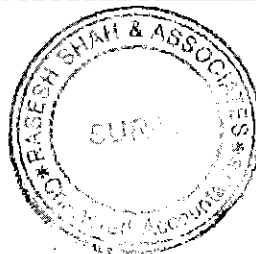
(₹ in lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
24 EARNINGS PER SHARE (EPS)		
1. Net Profit as per Profit and Loss Account available for Equity Shareholders	372.99	264.11
2. Weighted average number of equity shares for Earning Per Share computation (Nos.)	111.52	111.52
3. Basic Earnings Per Share (in ₹)	3.34	2.37
4. Diluted Earnings Per Share (in ₹)	2.09	1.48
5. Face value per share	₹ 10	₹ 10

25 RELATED PARTIES WHERE COMMON CONTROL EXIST AND TRANSACTION ENTERED INTO:

(₹ in lakhs)

Sr.No.	Name of the Related Party	Nature of Transaction	2018-19	Balance as on March 31, 2019	2017-18	Balance as on March 31, 2018
1	Fairdeal Textile Park Pvt. Ltd. (Common Control of Key Managerial Person)	Effluent Treatment Charges Power Charges (Worker's Hostel) Maintenance Charges Paid Lease Rent paid Leave & Licence Agreement (Worker's Hostel) Job Charges Sales	11.73 0.28 12.69 1.43 3.94 6.08 -		6.29 0.20 12.54 1.43 2.34 8.31 -	NIL
2	Lotus Marketing (Common Control of Key Managerial Person)	Sales Interest Income Lease Rent Income Capital Goods Purchase Purchase	- 17.61 41.60 - 51.04	NIL	0.35 - - 2.95 3.03	NIL
3	Autotech Non-Wovens Pvt. Ltd. (Common Control of Key Managerial Person)	Sales Job Income Interest Income Technical Service Income Reimbursement of Travelling Expense Purchase	51.54 29.44 - - 0.06 -	₹ 0.98 lakhs Dr	184.90 56.09 2.15 0.62 - -	₹ 16.53 lakhs Dr
4	Shahlon Industries LLP	Capital Contribution Sale Income Job Income Re-imbursement salary recd. Interest Income Purchase Job Charges	- 224.15 52.78 8.93 23.99 - 135.30 434.25	NIL	1.90 - - - - - -	NIL
5	Shri D.R. Shah (Key Managerial Personnel)	Key Management/Director's Remuneration Interest on Unsecured Loan Sale of Equity Shares	51.22 15.58 21.00	NIL	42.22 4.89 -	NIL
6	Shri A.R. Shah (Key Managerial Personnel)	Key Management/Director's Remuneration Interest on Unsecured Loan Sale of Equity Shares	51.22 11.83 21.00	NIL	42.22 4.43 -	NIL
7	Shri J.R. Shah (Key Managerial Personnel)	Key Management/Director's Remuneration Remuneration as CFO Interest on Unsecured Loan Sale of Equity Shares	27.11 27.11 16.22 21.00	NIL	54.22 - 8.22 -	NIL
8	Shri M.R. Shah (Key Managerial Personnel)	Key Management/Director's Remuneration Remuneration as GM Operations Interest on Unsecured Loan	27.11 21.11 2.17	NIL	60.48 - 4.77	NIL



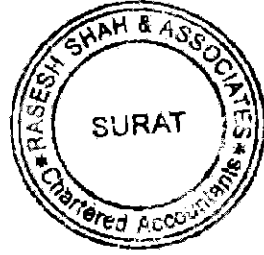
SHAHLON SILK INDUSTRIES LTD.
Notes to financial statement for the year ended 31st MARCH, 2019

(₹ in lakhs)

Sr.No.	Name of the Related Party	Nature of Transaction	2018-19	Balance as on March 31, 2019	2017-18	Balance as on March 31, 2018
9	Shri D.J. Shah (Key Managerial Personnel)	Key Management/Director's Remuneration/Other Benefits	34.36		54.22	
		Remuneration as GM Marketing	27.11	NIL	-	NIL
		Interest on Unsecured Loan	12.84		10.67	
		Sale of Equity Shares	3.01		-	
10	Shri N.R. Shah (Key Managerial Personnel)	Key Management/Director's Remuneration	27.11		-	
		Remuneration as President Technical	27.11	NIL	60.64	NIL
		Interest on Unsecured Loan	7.00		6.45	
		Sale of Equity Shares	21.00		-	

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

Rasesh
CA Rasesh B. Shah
Partner
M.No. : 034217
UDIN: 19034217AAAAAL8008
Place: Surat
Date: 16.08.2019



For and on behalf of the Board
Shahlon Silk Industries Limited

[Signature]
Director

[Signature]
Director

[Signature]
Company Secretary

[Signature]
Chief Financial Officer

[Handwritten Signature]

Significant Accounting Policies:

I. Statement of Compliance:

The Financial Statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, the provisions of the Companies Act, 2013 and the merger scheme approved by the NCLT.

II. Basis of preparation and presentation of financial statements:

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values:

- Business Combination (other than business combination under common control)
- Certain financial assets and liabilities.
- Assets held for sale – Measured at Fair Value less cost to sell
- Defined Benefit Plans – Plan Assets.
- Equity settled share-based payments.

The provisions of the Companies Act, 2013 ("the Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

The Company's financial statements are presented in Indian Rupees (₹), which is also its functional currency.

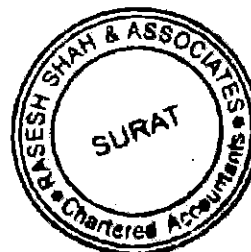
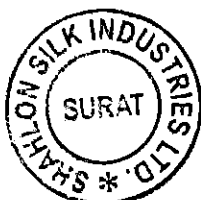
III. Summary of Significant Accounting Policies

1. Current versus non-current classification

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

a) An asset is treated as current when it is:

- i. Expected to be realized or intended to be sold or consumed in normal operating cycle
- ii. Held primarily for the purpose of trading



SHAHLON SILK INDUSTRIES LTD. SURAT

Notes to Financial Statements for the Year ended on 31st March, 2019

- iii. Expected to be realized within twelve months after the reporting period, or Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

b) A liability is current when:

- i. It is expected to be settled in normal operating cycle
- ii. It is held primarily for the purpose of trading
- iii. It is due to be settled within twelve months after the reporting period, or
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The group has identified twelve months as its operating cycle.

2. Revenue recognition:

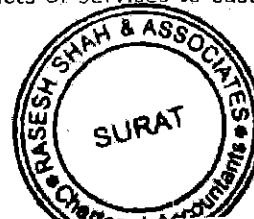
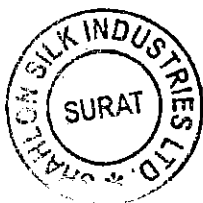
Revenue is measured at the fair value of the consideration received or receivable, taking in to account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is recognized when the amount of revenue can be reliably measured and it is probable that the economic benefits will flow to the Company. Revenue from rendering of service is recognized when the performance of agreed contractual task has been completed, if any.

a) Sale of Goods and Services:

Revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the goods or services to a customer i.e. on transfer of control of the goods or services to the customers. Revenue from sale of goods or rendering of services is net off indirect taxes, returns and discounts.

Effective April, 1 2018 the Company has applied Ind AS 115 which replaces Ind AS 18 – Revenue Recognition.

The Company derives revenue primarily from sale of manufactured goods, traded goods and related services. Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in



SHAHLON SILK INDUSTRIES LTD. SURAT

Notes to Financial Statements for the Year ended on 31st March, 2019

an amount that reflects the consideration the company expects to receive in exchange for those products or services.

b) Late Payment Charges / Discount:

Late payment charges / discounts are recognized on the ground of prudence as and when recovered.

c) Interest Income:

Interest Income is recognized on accrual basis:

d) Commission Income:

Commission Income is recognized when the services are rendered.

e) Rental Income:

Rental income from property given on rent is recognized in accordance with the terms of the lease contracts over the lease term on systematic basis.

f) Dividend Income:

Dividends are recognized in statement of profit and loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

g) Job Work Income:

Revenue from job work is recognized on completion of the work and at the time when no significant uncertainty exists as to its determination and realization.

3. Government Grants:

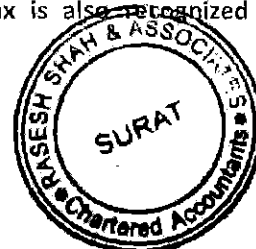
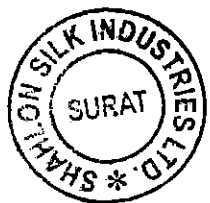
Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants relating to purchase of property, plant and equipment are included in the non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

As per the Second Amendment Rules 2018 notified by MCA on 20th September, 2018 amending IND-AS 20 – Government Grants, an alternative is provided to reporting entities whereby government grant related to assets can be presented by deducting the value of grant from the carrying amount of asset. The said amendment is applicable effective from reporting period beginning on or after 1st April, 2018.

IV. Tax Expenses:

The tax expense for the period comprise of current tax and deferred tax. Tax is recognized in Statement of Profit and Loss, except to the extent that it relates to recognized in the other Comprehensive income or in equity. In which case, the tax is also recognized in other comprehensive income or equity.



SHAHLON SILK INDUSTRIES LTD. SURAT

Notes to Financial Statements for the Year ended on 31st March, 2019

- i) Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.
- ii) Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.
- iii) Minimum Alternate Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognized as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognized as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

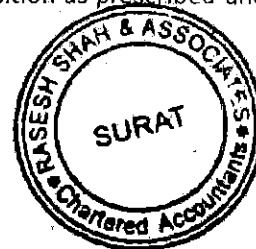
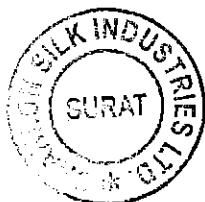
V. Property, plant and equipment

Property, plant and equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognized in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Depreciation on Fixed Assets is provided to the extent of depreciable amount on the Written Down Value (WDV) Method. Depreciation is provided as per revised useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Accordingly, the unamortised carrying value is being depreciated/ amortised over the revised/ remaining useful lives. The Residual value of all the new assets have been considered at 5% cost of acquisition as prescribed under the Part C of Schedule II of the Companies Act, 2013



SHAHLON SILK INDUSTRIES LTD. SURAT

Notes to Financial Statements for the Year ended on 31st March, 2019

Assets costing ₹ 5,000 or less are fully depreciated in the year of purchase. Freehold land is not depreciated. The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

Freehold land is carried at cost. The company has taken certain land on lease for period of 99 year and no amortization provided on these asset.

VI. Intangible assets (Excluding Goodwill)

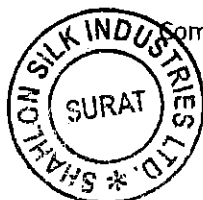
Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the assets can be measured reliably.

Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortization/depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

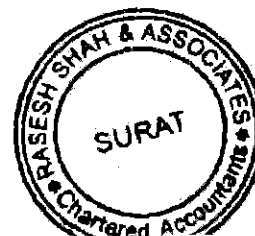
Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

VII. Depreciation:

- 1) Depreciation on each part of an item of property, plant and equipment of Transferee company is provided using the Written Down Method based on useful life of the asset as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act,2013.
- 2) Depreciation on each part of an item of property, plant and equipment of Transferor company is provided using the Straight Line Method (except on machineries situated at Karanj unit acquired on or after 01.04.2001, wherein depreciation is provided using Written Down Method) based on useful life of the asset as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the



Companies Act,2013



SHAILON SILK INDUSTRIES LTD. SURAT

Notes to Financial Statements for the Year ended on 31st March, 2019

- 3) The estimated useful life of an assets has been assessed based on technical advise which considers the nature of the assets, the usage of the assets, expected physical wear and tear, the operating conditions of the assets, anticipated technological changes, manufactures warranties and maintenance support etc.
- 4) The expected useful lives of an asset as certified by the management may differ from the useful lives prescribed under Schedule II to the Companies Act, 2013.
- 5) The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as change in accounting estimate.

VIII. Impairment of non-financial assets - property, plant and equipment and intangible assets:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors.

An impairment loss is recognized in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use, is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

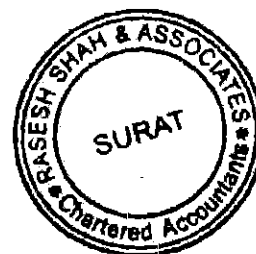
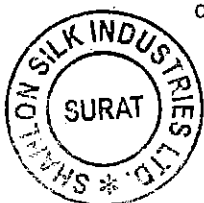
The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

IX. Inventories:

Inventories are stated at cost or net realizable value, whichever is lower.

Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

- i) Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average cost.
- ii) Finished goods: Cost of Finished Goods includes material cost; cost of conversion, other overheads to the extent applicable.
- iii) Work in progress: It is valued at cost determined by taking material cost, labor charges, and direct expenses.



SHAHLON SILK INDUSTRIES LTD. SURAT

Notes to Financial Statements for the Year ended on 31st March, 2019

iv) Stock in trade: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

v) Stores and spares are stated at cost less provision, if any, for obsolescence.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

X. Trade Receivables:

Allowance for Trade receivable The Company follows a 'simplified approach' (i.e. based on lifetime ECL) for recognition of impairment loss allowance on Trade receivables (including lease receivables). For the purpose of measuring lifetime ECL allowance for trade receivables, the Company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience. Further, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.

XI. Finance Cost:

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of such asset. A Qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

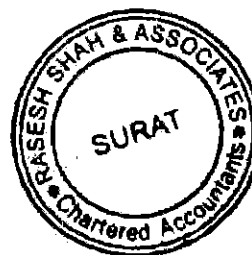
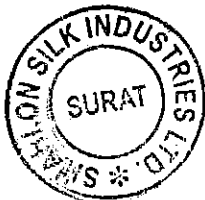
Interest income earned on the temporary investment of specific borrowing pending their expenditure on qualifying asset is deducted from the borrowing cost eligible for capitalization.

All Other borrowing costs are charged to statement of profit and loss for the period in which they are incurred.

XII. Foreign currencies transactions and translation

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit and Loss.



SHAHLON SILK INDUSTRIES LTD. SURAT

Notes to Financial Statements for the Year ended on 31st March, 2019

XIII. Leases:

Leases are classified as finance leases whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

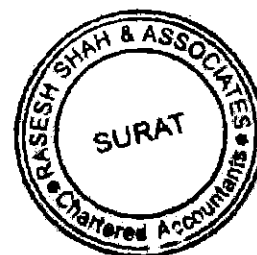
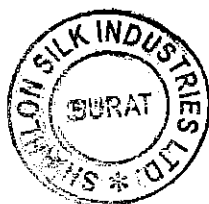
Leased assets: Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which they are capitalized. Contingent rentals are recognized as expenses in the periods in which they are incurred.

A depreciable leased asset (other than Land) is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.



SHAHLON SILK INDUSTRIES LTD. SURAT

Notes to Financial Statements for the Year ended on 31st March, 2019

XIV. Retirement Benefits

i) Short Term Employee Benefits

All employee benefits falling due within twelve months of rendering of service are classified as short term employee benefits. The benefits like salaries, wages, bonus, leave salary, ex-gratia are recognized in the period in which employee renders the related services.

ii) Post-Employment Benefits

a) Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund and Pension Scheme. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

b) Defined Benefit Plans

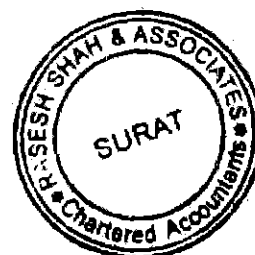
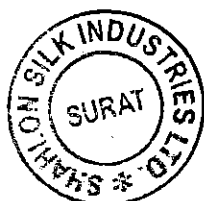
Employee Gratuity fund scheme is the defined benefit plan. The Company makes annual contributions for gratuities to funds administered by trustees and managed by insurance company for amounts notified by the said insurance company. The present value of obligation under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary. The company has policy of taking Actuarial valuation report at year end.

XV. Provisions

Provisions, Contingent Liabilities and Contingent assets are reviewed at each balance sheet date.

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.



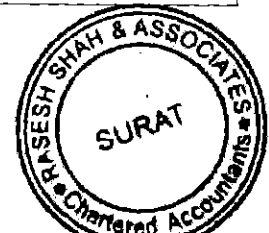
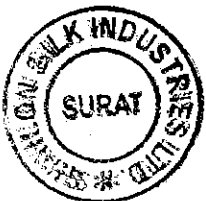
SHAHLON SILK INDUSTRIES LTD. SURAT

Notes to Financial Statements for the Year ended on 31st March, 2019

Contingent liability

Liabilities which are material, and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent, and disclosed by way of notes to the accounts.

Particulars	Figures for the current reporting period (₹in lakhs)	Figures for the previous reporting period (₹in lakhs)
i) Contingent Liabilities:-		
a) Counter guarantees given to banks	2.27	2.27
b) Bank guarantee provided to DGFT/Custom Authorities to secure machineries under EPCG Scheme (Transferee Company ₹ 15.38 Lakhs & Transferor Company ₹ 6.11 Lakhs)	21.49	21.49
c) Custom duty on Export obligation under EPCG scheme (Transferee Company ₹ 2.45 Lakhs & Transferor Company ₹ 160.78 Lakhs for current reporting period) (Transferee Company ₹ 10.14 Lakhs & Transferor Company ₹ 119.86 Lakhs for previous reporting period)	163.23	130.00
d) Guarantee given and security (property) provided to The Surat People's Co-operative Bank Ltd. for securing various credit facilities availed by Shahlon Industries LLP in which Company is one of the partner.	2914.63	2914.63
e) Excise demand of duty amounting of ₹ 31.07 Lakhs (Transferee Company ₹ 6.44 Lakhs & Transferor Company ₹ 24.63 Lakhs) under section 11A (10) of Central Excise Act, 1944 and interest on such duty under section 11 AA of Central Excise Act, 1944; and imposed penalty of ₹ 2.25 Lakhs (Transferee Company ₹ 0.25 Lakhs & Transferor Company ₹ 2.00 Lakhs) upon appellant under Section 11AC(1) (a) of Central Excise Act, 1944 which is under litigation Company has filed appeal with CESAT on account of dispute.	33.32	-
f) Demand U/s 143(3) rws147 of the IT Act, 1961 for A.Y. 2013-14	24.71	-
g) Demand U/s 143(3) rws147 of the IT Act, 1961 for A.Y. 2012-13	23.59	-



SHAHLON SILK INDUSTRIES LTD. SURAT

Notes to Financial Statements for the Year ended on 31st March, 2019

Dakshin Gujarat Vij Company Ltd. has raised demand of cross subsidy surcharges for the financial year 2005-06 of ₹ 66.73 lacs vide its show cause notice / letter no. DGPL/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.

Shahlon Industrial-Infrastructure Pvt. Ltd., one of the transferor Company which is merged with Shahlon Silk Industries Pvt. Ltd. has received notice from collector of electricity duty demanding electricity duty @15% on supply of electricity to its members, whereas the said company has paid electricity duty 0.40 paise per unit considering power generation is for captive purpose. The amount payable is under dispute.

Contingent assets

Contingent assets are neither recognized not disclosed in the financial statement.

Provisions, Contingent Liabilities and Contingent assets are reviewed at each balance sheet date.

XVI. Investments and other financial assets:

i) Classification:

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

- a. Those to be measured subsequently at fair value (either through other comprehensive income or through statement of profit and loss); and
- b. Those measured at amortized cost.

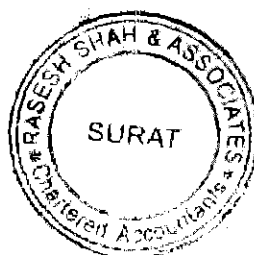
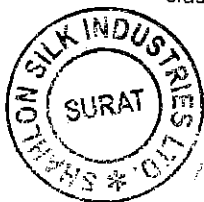
The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

ii) Initial Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial-asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

iii) Subsequent measurement – Debt instruments

Subsequent measurement of the debt instruments depend on the Company's business model for managing asset and the cash flow characteristics of the asset. The Company classifies its debt instruments in the following three categories:



SHAHLON SILK INDUSTRIES LTD. SURAT

Notes to Financial Statements for the Year ended on 31st March, 2019

investments measured at FVOCI are not reported separately from other changes in fair value.

v) The company has accounted for its investments in subsidiaries at cost less impairment loss (if any).

vi) **Impairment of financial assets:**

Loss allowance for expected credit losses is recognized for financial assets measured at amortized cost and fair value through other comprehensive income.

Loss allowance equal to the lifetime expected credit losses is recognized if the credit risk on the financial instruments has significantly increased since initial recognition. For financial instruments whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognized.

vii) **Derecognition of financial assets:**

A financial asset is derecognized when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients. When the Company has transferred an asset, it evaluates whether it has transferred substantially all the risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. When the Company has neither transferred a financial asset nor retains substantially all the risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset.

XVII. Financial liabilities and equity instruments:

Classification as debt or equity

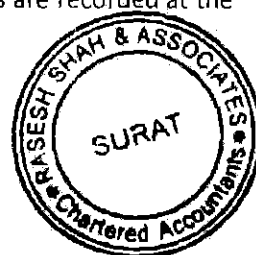
Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.



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Notes to Financial Statements for the Year ended on 31st March, 2019

a) Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not a part of the hedging relationship is recognized in the statement of profit and loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

b) Fair value through other comprehensive income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets where the assets' cash flows represent solely payments of principal and interest are measured at fair value through other comprehensive income (OCI). Movements in the carrying amount are taken through OCI, except for recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in the statement of profit and loss. When financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains / losses. Interest income from these financial assets is included in finance income using the effective interest rate method.

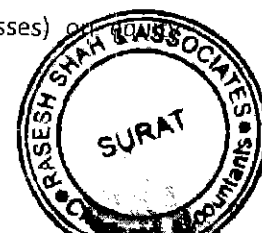
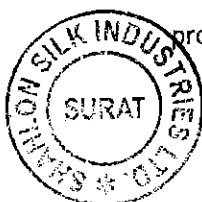
c) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not a part of hedging relationship is recognized in the statement of profit and loss. Interest income from these financial assets is included in finance income.

iv) Subsequent measurement – Equity instruments:

The Company subsequently measures all equity instruments at fair value. When the management has elected to present fair value gains and losses on equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of profit and loss. Dividends from such investments are recognized in the statement of profit and loss as other income when the Company's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognized in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on



SHAHLON SILK INDUSTRIES LTD. SURAT

Notes to Financial Statements for the Year ended on 31st March, 2019

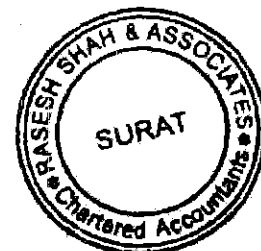
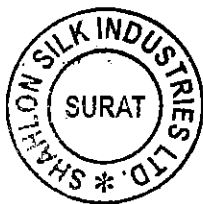
hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

ii) **Cash Flow Hedge:**

The Company designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the Statement of Profit and Loss.



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Notes to Financial Statements for the Year ended on 31st March, 2019

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, using the effective interest rate method.

Interest-bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs. Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividend on these preference shares are recognized as finance costs in the statement of profit and loss.

Fair value measurement of financial instruments:

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

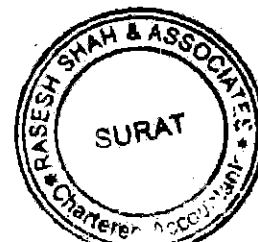
Derivative financial instrument:

The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

i) Financial assets or financial liabilities, at fair value through profit or loss:

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under IndAS 109, Financial Instruments. Any derivative that is either not designated as



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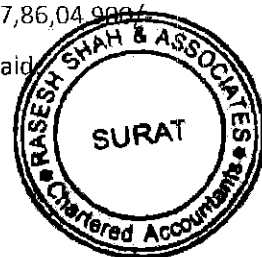
Notes to Financial Statements for the Year ended on 31st March, 2019

Accordingly SSIL has recorded the assets, liabilities and reserves in the standalone financial statements in the following manner:

- The assets and liabilities of the combining entities are reflected at their respective carrying amounts. SSIL has passed such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards.
- No adjustments are made to reflect their fair values, or recognize any new assets or liabilities. Adjustments are only made to harmonize the accounting policies.
- The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.
- The identity of the reserves are preserved and the reserves of the transferor becomes the reserves of the transferee.
- The difference between the amount recorded as share capital issued by SSIL pursuant to the scheme and the amount of share capital of FFL has been transferred to Capital Reserve in the books of SSIL.
 - SSIL has, in consideration for transfer, issued shares as per New shares entitlement Ratio of 1:0.90 i.e. 1 equity shares of ₹ 10 each as fully paid up in SSIL for every 0.90 equity shares of ₹ 10 each fully paid up held by them in FFL.
 - Issued, Subscribed and fully paid up equity shares of FFL were 60,50,000 of ₹ 10 each. Accordingly SSIL has, issued 67,24,240 equity shares of ₹ 10 each. $[60,50,000/0.90*1]$ + fractional entitlement allowed as per the scheme and the difference is adjusted against Capital reserve
- FFL, legally and beneficially, owns 16,000 equity shares of ₹ 10 each of SSIL thereby aggregating to 0.14% of the total issued, subscribed and paid-up equity share capital of SSIL. As a part of the scheme, all the equity shares of SSIL held by FFL being, 16,000 equity shares of ₹ 10 each of SSIL, 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 shares in SSIL held by FFL also stand cancelled and are deemed to be cancelled without any further act or deed. Accordingly, the scheme coming into effect and after taking into effect issue and allotment of new shares under clause 8 of scheme of merger and cancellation of the cross holding as stated above, the issued, subscribed and paid-up equity share capital of SSIL stands to ₹ 17,86,04,999/- divided into 1,78,60,490 equity shares of the face value of ₹ 10 each fully paid.



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SHAHLON SILK INDUSTRIES LTD. SURAT

Notes to Financial Statements for the Year ended on 31st March, 2019

Derecognition of financial liabilities:

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Cash and cash equivalents:

Cash and cash equivalents comprise cash at bank, cash on hand and short term highly liquid investments with original maturities of three months or less that is readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

XVIII. Earnings Per Share

Basic Earnings per share (EPS) amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

XIX. Business Combination

General Information

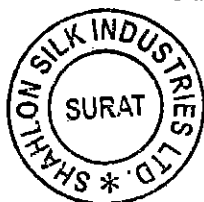
Shahlon Silk Industries Limited (SSIL) is engaged in the business of manufacturing of fabric on water jet looms, air jet looms & rapier looms and various yarn preparatory activities like sizing, texturizing, yarn dyeing, twisting, crape, ply yarn etc. SSIL is also engaged in an agency with Reliance Industries Limited for sale of yarn.

Fairdeal Filaments Limited (FFL) is engaged in the business of manufacturing of grey fabric along with all types of yarn preparatory activities like sizing, texturizing, twisting, crape etc. FFL is also engaged in an agency with Reliance Industries Limited for sale of yarn.

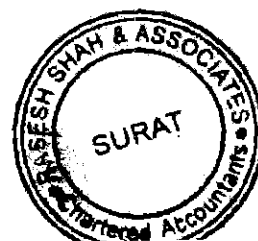
Scheme of merger

FFL and SSIL, belonging to the same group of management, are largely engaged in the similar kind of business activities. This scheme of Amalgamation was presented under the provisions of Companies Act, 2013 for merger by absorption of FFL ("Transferor Company" by SSIL ("Transferee Company") from April 01, 2018. Both the companies have filed INC-28 on 01.06.2019 hence the scheme of merger has been made effective from that date.

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. Business combinations under Common control are accounted using the "Pooling of Interest Method" as contained in Appendix-C of Ind AS 103.



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SHAHN SILK INDUSTRIES LTD. SURAT

Notes to Financial Statements for the Year ended on 31st March, 2019

- The financial information in the financial statements in respect of prior periods has been restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of combination. However, where the business combination had occurred after that date, the prior period information would have been restated only from that date.

XX. Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures. Uncertainty about the assumptions and estimates could result in outcomes that require a material adjustment to the carrying value of assets or liabilities affected in future period.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) Judgment

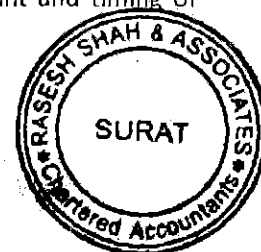
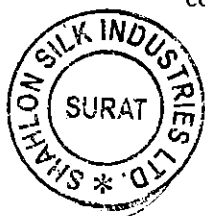
In the process of applying the accounting policies, management has made the following judgments, which have significant effect on the amounts recognized in the Company's financial statements:

a) Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss.

b) Recoverability of trade receivable

Judgments are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of



SHAHLON SILK INDUSTRIES LTD. SURAT

Notes to Financial Statements for the Year ended on 31st March, 2019

anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

c) Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

ii) Estimates and assumptions

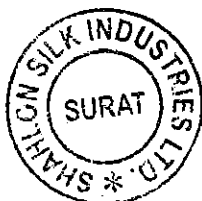
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Useful lives of property, plant and equipment

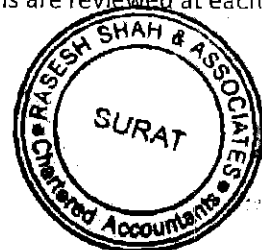
The estimated useful lives of property, plant and equipment are based on a number of factors including the effects of obsolescence, demand, competition, internal assessment of user experience and other economic factors (such as the stability of the industry, and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the asset. The Company reviews the useful life of property, plant and equipment at the end of each reporting date.

b) Post-retirement benefit plans

Employee benefit obligations (gratuity obligation) are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.



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Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

c) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

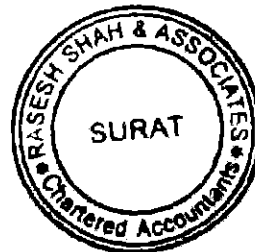
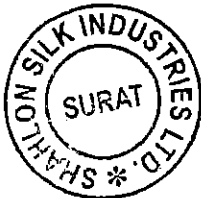
- XXI. Earning in foreign exchange: F.O.B. values of exports ₹7165.42 lakhs (Pre. Year ₹6010.24 lakhs)
- XXII. Sales/Purchase included inter-divisional transfers of ₹NIL (Pre. Year ₹70.08 lakhs)
- XXIII. Debtors of ₹ 11,203.38 lakhs includes ₹ 0.98 lakhs (Pre. Year ₹ 10,344.46 lakhs includes ₹ 16.53 lakhs) due from concern in which Directors are interested.
- XXIV. Pursuant to requirements of Part E of Schedule VI of SEBI (ICDR) Regulations 2018, financial statements of the Company for the year ended 31.03.2018, 31.03.2017, 31.03.2016, 31.03.2015 and 31.03.2014 have been restated. In view of this, previous year's figures have been re-grouped or restated as considered necessary.



SHHLON SILK INDUSTRIES LTD. SURAT

Notes to Financial Statements for the Year ended on 31st March, 2019

- XXV. We did not audit the standalone financial statements of erstwhile Fairdeal Filaments Limited (the "Transferor Company"). The financial statements and other financial information of the Transferor Company only have been audited by other auditor whose reports have been furnished to us, and our opinion on the financial statements to the extent they have been derived from such financial statements is based on such report of other auditor. Accordingly, also the basis of working in Notes to Accounts of Ind AS-15 of erstwhile Company could not be matched on a line item basis and hence both the working are shown separately in the Notes to Accounts. Our opinion on the financial statements is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.
- XXVI. The scheme of amalgamation under sections 230 to 232 of the Companies Act, 2013 between Fairdeal Filaments Ltd. and Shahlon Silk Industries Ltd. has been approved by the National Company Law Tribunal, Ahmedabad Bench, Ahmedabad vide their order dated May 10, 2019.
- XXVII. According to ITFG Bulletin 18, Accounting for business combinations effected through a Court or National Company Law Tribunal (NCLT) approved schemes: Where the business combinations occurs on or after the date of transition by an entity to Ind AS, the accounting treatment prescribed under the scheme would override the requirements of Ind AS 103.



SHAHLON SILK INDUSTRIES LTD. SURAT

Notes to Financial Statements for the Year ended on 31st March, 2019

XXVIII. Standards Issued But Not Effective:

On March 30, 2019 the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 – Leases and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 01, 2019.

A) Issue of Ind As 116 – Leases

Ind AS 116 will replace the existing leasing standard i.e. Ind AS 17 and related interpretations. Ind AS 116 introduces a single lessee accounting model and requires lessee to recognize assets and liabilities for all leases with non-cancellable period of more than twelve months except for low value assets. Ind AS 116 substantially carries forward the lessor accounting requirement in Ind AS 17.

B) Amendment To Existing Standard

The MCA has also carried out amendments of the following accounting standards

- I. Ind AS 101 – First time adoption of Indian Accounting Standards
- II. Ind AS 103 – Business Combinations
- III. Ind AS 109 – Financial Instruments
- IV. Ind AS 111 – Joint Arrangements
- V. Ind AS 12 – Income Taxes
- VI. Ind AS 19 – Employee Benefits
- VII. Ind AS 23 – Borrowing Costs
- VIII. Ind AS 28 – Investment in Associates and Joint Ventures

Application of above standards are not expected to have any significant impact on the Company's financial statements.

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

For and on behalf of the Board
Shahlon Silk Industries Limited

Ras

CA Rasesh B. Shah
(Partner)
M.No. : 034217
UDIN: 19034217AAAAAL8008
Place: Surat
Date: 16th August, 2019

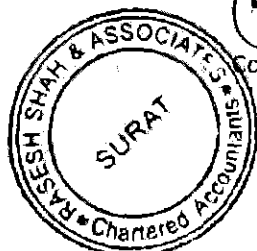
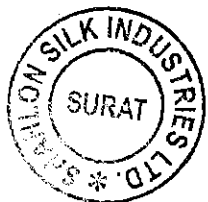
[Signature]
Director

[Signature]
Director

[Signature]
Company Secretary

[Signature]
Chief Financial Officer

Company Secretary Chief Financial Officer



SHAHLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

13. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Industry structure, Developments, Opportunities, threats and outlook:

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's exports with approximately 13 per cent of total exports. The textiles industry is labour intensive and is one of the largest employers. The industry realised export earnings worth US\$ 37.74 billion in 2017-18. The industry is the second largest employer after agriculture, providing employment about 105 million people directly and indirectly. The Indian Textile Industry contributes approximately 2 per cent to India's Gross Domestic Product (GDP), and 14 per cent to overall Index of Industrial Production (IIP).

The textile industry plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country. The textile industry has a capacity to produce a versatile spread of products appropriate for varied market segments, both domestic and the export markets.

In spite of lot of challenges faced in international scenario in terms of trade, and the policy changes of many countries, India is still in a position to retain the stability of the currency, this shows that the Economy is becoming stronger and vibrant to take the challenges whatever may come in future. Raw material prices fluctuate in line with international prices and will continue to have an impact on the company's performance as raw materials constitute significant component of net sales.

FY 2017-18 marked a significant economic measure by the government: The Goods and Services Tax (GST) was implemented from July, 2017 as the nation moved to 'one nation-one tax'. The reform measure has helped India move into the Top 100 Club in World Bank's 'Global Ease of Doing Business' rankings.

India's economy picked up some pace in FY 2017-18 and the gross domestic product growth was better than FY 2016-17. The structural reform of The Goods and Services Tax (GST) within a year of demonetisation is expected to provide a boost to the economic growth and investments in the long run.

With an improving business ecosystem, stable macroeconomic indicators and a liberal FDI regime, foreign capital inflow has provided impetus to the domestic economy. According to World Bank's Global Economic Prospects report, India's GDP is expected to rise to 7.4% in FY 2018-19 and 7.8% in FY 2019-20.

The Government has been overall supportive in encouraging textile Industry India, Textiles and garment industry has been included in list of 25 sectors of 'Make in India' initiative of the Government of India. With the right Government policies we believe that the Indian Textile Industry is well poised to benefit from the large opportunity offered in the domestic and export market. The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

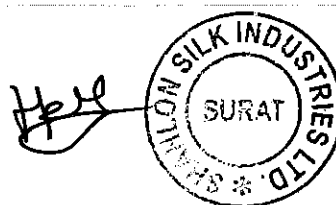
Risk and concerns:

Shahlon 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 basic raw material for manufacturing company's product is Partially Oriented Yarn (POY), Fully Drawn Yarn (FDY), Polyester Filament Yarns (PFY) etc. The company is a Marketing agent of Reliance Industries Limited for yarn products and supplying yarn to various big players in the market. Fluctuating prices of raw material is a big concern for the industry which may strain the profitability margins of the Company. The company has established network for marketing of its products, wide spread customer base, good market reputation and quality of the products, the company is in a position to pass on increase if any in cost to their customers.

The Company may be seriously affected by delays in the collection of receivables from clients and may not be able to recover adequately on claims.

The Company has limited/ low bargaining power in the customer ruled market resulting Limited pricing flexibility.

Availability of skilled manpower is a concern. Textile business is labour oriented business, its operations could be adversely affected by work stoppages or increased wage demands by employees or any other kind of disputes with employees.



SHAHLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

Textile business requires high working capital. In case there are insufficient cash flows to meet requirement or inability to arrange the same from other sources, there may be an adverse impact on the results of operations.

Internal Control System and their adequacy:

The Company has a robust internal control system commensurate with the size and scale of its operations. Roles and responsibilities are clearly defined and assigned. Standard operating procedures are in place by way of built in controls in ERP system and have been designed to provide a reasonable assurance. Internal audit is used as an effective tool to check and enhance efficacy of systems, processes and controls of the Company. The review plan, drawn in consultation with the senior management, covers all the major areas. These are aimed at giving the Audit Committee a reasonable assurance on the reliability of financial reporting and statutory & regulatory compliances, effectiveness and efficiency of your Company's operations. The Internal Financial Control Systems are reviewed periodically and revised to keep in tune with the changing business environment.

Financial Performance:

Earnings before Interest, Depreciation and Tax (EBIDTA), during the financial year 2017-18 were Rs.2736.83 lakhs as compared to Rs.2457.94 lakhs for the previous financial year 2016-17. Profit before tax for the financial year 2017-18 has increased to Rs.251.49 lakhs from Rs.32.59 lakhs for the previous financial year 2016-17. Your Company has earned a Net Profit after tax of Rs.64.00 lakhs as compared to Rs.155.19 lakhs of previous financial year 2016-17. Decrease in the Net Profit is due to the higher deferred tax provision made during the financial year 2017-18. Your directors are hopeful for the better performance of the company in subsequent years.

Human Resource Development/Industrial Relations:

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

Forward Looking Statement – Cautionary Statement:

Certain statement made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations etc. are "forward looking statements" within the meaning of applicable laws and regulations. These statements are based on certain assumptions and expectation of future events. Actual results may differ from those expressed or implied, depending upon economic conditions affecting demand/supply and price levels in the market, Government policies and other incidental or related factors.

14. OUTSTANDING LITIGATIONS, DEFAULTS AND MATERIAL DEVELOPMENTS

The Scheme provides that upon the coming into effect of the Scheme, all legal, taxation, suit, writ petition, appeal, revision or other proceedings of whatever nature (hereinafter called the "Proceedings") by or against the Transferor Company be pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the Undertaking of the Transferor Company or of anything contained in the Scheme, but the proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Transferor Company as if the Scheme had not been made.

OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION FOR SHAHLON SILK INDUSTRIES LIMITED (SSIL)

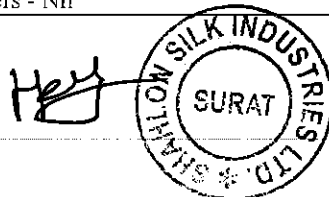
SUMMARY OF OUSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION				
A. Details of Outstanding Litigations:				
Sr. No.	Particulars	Litigation filed by	Current status	Amount involved
1.	Dakshin Gujarat Vij Company Ltd. has raised demand of cross subsidy surcharges for the financial year 2005-06 of Rs. 66.73 lacs vide its show cause	Dakshin Gujarat Vij Company Ltd.	Special appeal filed in the Supreme Court is pending for final	Rs. 66.73 Lakhs



SHAHLON SILK INDUSTRIES LIMITED INFORMATION MEMORANDUM

	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.		hearing.	
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
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. *The Company has paid Rs.6,00,000/- out of assessed amount of Rs.29.59 lakhs (29.59 lakhs – 6 lakhs = 23.59 lakhs)	Shahlon Industries Pvt. Ltd.	Pending before High Court of Gujarat	Rs. 23.59 Lakhs*
5.	Excise demand of duty amounting of Rs.6,43,564/- under section 11A (10) of Central Excise Act, 1944 and interest on such duty under section 11 AA of Central Excise Act, 1944; and imposed penalty of Rs.25,000/- upon appellant under Section 11AC(1) (a) of Central Excise Act, 1944 which is under litigation. Company has filed appeal with CESAT on account of dispute.	Shahlon Silk Industries Ltd.	Appeal filed in the Central Excise, Customs & Service Tax Appellate Tribunal, Ahmedabad, is pending for hearing.	Rs. 6.69 Lakhs

- B. 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
- C. Brief details of outstanding criminal proceedings against Promoters - Nil



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OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION FOR FAIRDEAL FILAMNETS LIMITED (FFL)

SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION				
A. Details of Outstanding Litigations:				
	Particulars	Litigation filed by	Current status	Amount involved
1.	Excise demand of duty amounting of Rs24,63,189/- under section 11A (10) of Central Excise Act, 1944 and interest on such duty under section 11 AA of Central Excise Act, 1944; and imposed penalty of Rs.2,00,000/- upon appellant under Section 11AC(1) (a) of Central Excise Act, 1944 which is under litigation. Company has filed appeal with CESAT on account of dispute.	Fairdeal Filaments Ltd.	Appeal filed in the Central Excise, Customs & Service Tax Appellate Tribunal, Ahmedabad, is pending for hearing.	Rs.26.63 Lakhs
2.	Assessed by Assistant Commissioner of Income Tax u/s 143(3) r.w.s. 156 of the Income Tax Act, 1961, issued demand notice for Rs.10,21,910 in the matter of income-tax for the AY 2014-15. The amount payable is under Dispute.	Mr. Jayantilal Raichand Shah (Promoter and Director)	Appeal filed to the Commissioner of Income-tax (Appeals), Surat, is pending for hearing.	Rs.10.22 Lakhs
3.	Appeal against order of Commissioner of Income Tax (Appeals) –II, Surat dated 30.01.2019, which arisen from the Appeal filed against the order of the ACIT, Circle–1(2), Surat, passed u/s. 143(3) of the I.T. Act for the Assessment year 2015-16. The amount payable is under Dispute.	Mr. Arvind R. Shah (Promoter and Director)	Pending before Income-tax Appellate Tribunal (ITAT), Ahmedabad Bench. is pending for hearing.	Rs.0.59 Lakhs
B. 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				
C. Brief details of outstanding criminal proceedings against Promoters - Nil				

15. GOVERNMENT APPROVALS

Pursuant to the Scheme, Fairdeal Filaments Limited stands transferred and vested into Shahlon Silk Industries Limited as a going concern w.e.f. Appointed Date i.e. 1st April, 2018. Being in existence for several years, Fairdeal Filaments Limited has got all approvals and government permissions.

Further, pursuant to the Scheme, all permits, quotas, rights, entitlement, industrial and other licenses, bids, tenders, letter of intent, expression of interest, development rights (whether vested or potential and whether under agreements or otherwise), patents, copyrights, records, designs or relevant intellectual property rights in the aforesaid, municipal permissions, approvals, consents, subsidies, tendencies in relation to the offices, and/or residential property for the employees, privileges, income tax benefits such as exemptions under the Income Tax Act, 1961 (or any statutory modifications or re-enactment thereof for the time being in force), all other rights, including sales tax deferrels and exemptions and other benefits, lease rights, prospecting license, receivables and liabilities related thereto, licence power and facility of every kind, nature and description whatsoever, rights to use and avail of telephones, telefax, facsimile connection and installations, utilities, electricity and other services, provisions and benefits of all agreements, contracts, and arrangements and all other interest in connection with or relating to business associated to Fairdeal Filaments Limited shall stand transferred to and vested in or be deemed to be transferred to and vested in SSIL as if the same were originally



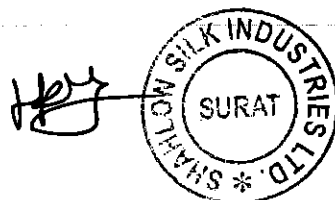
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given or issued to or executed in favour of the SSIL, and the rights and benefits under the same shall be available to SSIL.

16. PROVISIONS OF ARTICLES OF ASSOCIATION OF SHAHLON SILK INDUSTRIES LIMITED

Share capital and variation of rights

1. Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.
2. (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided,—
 - (a) one certificate for all his shares without payment of any charges; or
 - (b) Several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.(ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.
 - (iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
3. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.
 - (ii) The provisions of Articles (2) and (3) shall mutatis mutandis apply to debentures of the company.
4. Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
5. (i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.
 - (ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.
 - (iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
6. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
 - (ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.



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7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari-passu* therewith.
8. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

Lien

9. (i) The company shall have a first and paramount lien—
- (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
 - (b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company.
- Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.
- (ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.
10. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:
- Provided that no sale shall be made—
- (a) unless a sum in respect of which the lien exists is presently payable; or
 - (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
11. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
- (ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
- (iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
12. (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
- (ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

Calls on shares

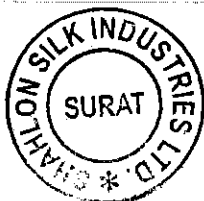
13. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:
- Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.
- (ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.
- (iii) A call may be revoked or postponed at the discretion of the Board.
14. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.
15. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
16. (i) If a sum called in respect of a share is not paid before or on the day appointed for



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- payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine.
- (ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.
17. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
- (ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
18. The Board—
- (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and
- (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.
- Transfer of shares**
19. (i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.
- (ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
20. The Board may, subject to the right of appeal conferred by section 58 decline to register—
- (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
- (b) any transfer of shares on which the company has alien.
21. The Board may decline to recognise any instrument of transfer unless—
- (a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;
- (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer: and
- (c) the instrument of transfer is in respect of only one class of shares.
22. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:
Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.
- Transmission of shares**
23. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.
- (ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
24. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—
- (a) to be registered himself as holder of the share; or
- (b) to make such transfer of the share as the deceased or insolvent member could have made.
- (ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
25. (i) If the person so becoming entitled shall elect to be registered as holder of the share



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himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

26. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

27. In case of a One Person Company—

(i) on the death of the sole member, the person nominated by such member shall be the person recognised by the company as having title to all the shares of the member;

(ii) the nominee on becoming entitled to such shares in case of the member's death shall be informed of such event by the Board of the company;

(iii) such nominee shall be entitled to the same dividends and other rights and liabilities to which such sole member of the company was entitled or liable;

(iv) on becoming member, such nominee shall nominate any other person with the prior written consent of such person who, shall in the event of the death of the member, become the member of the company.

Forfeiture of shares

28. If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

29. The notice aforesaid shall—

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

30. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

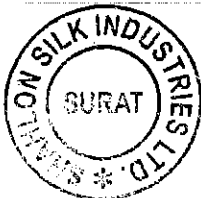
31. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

32. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.

(ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.

33. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts



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therein stated as against all persons claiming to be entitled to the share;

(ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

(iii) The transferee shall thereupon be registered as the holder of the share; and

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

34. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Alteration of capital

35. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

36. Subject to the provisions of section 61, the company may, by ordinary resolution,—

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

(c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

(d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

37. Where shares are converted into stock,—

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage

(c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

38. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—

(a) its share capital;

(b) any capital redemption reserve account; or

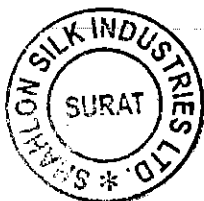
(c) any share premium account.

Capitalisation of profits

39. (i) The company in general meeting may, upon the recommendation of the Board, resolve—

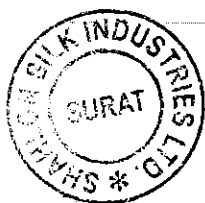
(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (i) amongst the members who would have been entitled thereto, if



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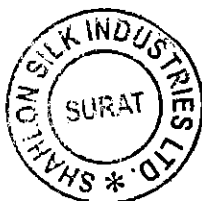
- distributed by way of dividend and in the same proportions.
- (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—
- (A) paying up any amounts for the time being unpaid on any shares held by such members respectively;
- (B) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
- (C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);
- (D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
- (E) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.
40. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and
- (b) generally do all acts and things required to give effect thereto.
- (ii) The Board shall have power—
- (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and
- (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;
- (iii) Any agreement made under such authority shall be effective and binding on such members.
- Buy-back of shares**
41. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.
- General meetings**
42. All general meetings other than annual general meeting shall be called extraordinary general meeting.
43. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.
(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.
- Proceedings at general meetings**
44. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
45. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.
46. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the



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- meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
47. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.
48. In case of a One Person Company—
- (i) the resolution required to be passed at the general meetings of the company shall be deemed to have been passed if the resolution is agreed upon by the sole member and communicated to the company and entered in the minutes book maintained under section 118;
 - (ii) such minutes book shall be signed and dated by the member;
 - (iii) the resolution shall become effective from the date of signing such minutes by the sole member.
- Adjournment of meeting**
49. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
 - (iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
 - (iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
- Voting rights**
50. Subject to any rights or restrictions for the time being attached to any class or classes of shares,—
- (a) on a show of hands, every member present in person shall have one vote; and
 - (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.
51. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
52. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- (ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
53. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
54. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
55. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.
56. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
- (ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.
- Proxy**
57. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24

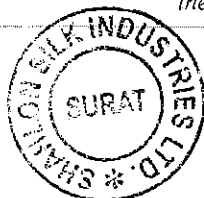


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- hours before the time appointed for the taking of the poll: and in default the instrument of proxy shall not be treated as valid.
58. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.
59. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:
Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.
- Board of Directors**
60. The number of the directors and the names of the first directors are:
1. **SHRI NITIN RAICHANDSHAH**
 2. **SHRI DIPAN JAYANTILALSHAH**
 3. **SHRI MAHENDRA RAICHANDSHAH**
61. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.
(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—
(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or
(b) in connection with the business of the company.
62. The Board may pay all expenses incurred in getting up and registering the company.
63. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.
64. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
65. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.
66. (i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.
(ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

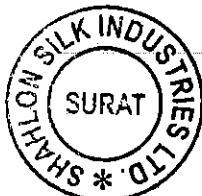
Proceedings of the Board

67. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
(ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
68. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
(ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
69. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.



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70. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.
(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.
71. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.
(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
72. (i) A committee may elect a Chairperson of its meetings.
(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
73. (i) A committee may meet and adjourn as it thinks fit.
(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
74. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
75. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.
76. In case of a One Person Company—
(i) where the company is having only one director, all the businesses to be transacted at the meeting of the Board shall be entered into minutes book maintained under section 118;
(ii) such minutes book shall be signed and dated by the director;
(iii) the resolution shall become effective from the date of signing such minutes by the director.
- Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer**
77. Subject to the provisions of the Act,—
(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board,
(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
78. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.
- The Seal**
79. (i) The Board shall provide for the safe custody of the seal.
(ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.



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Dividends and Reserve

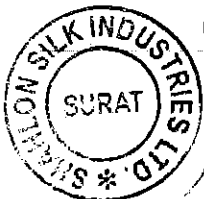
80. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
81. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.
82. (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.
(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
83. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.
(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
84. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.
85. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
86. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
87. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
88. No dividend shall bear interest against the company.

Accounts

89. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.
(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

Winding up

90. Subject to the provisions of Chapter XX of the Act and rules made thereunder—
(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon



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any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity

91. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

17. DOCUMENTS FOR INSPECTION

Copies of following documents are available at our registered office at 91, G.I.D.C., Khatodara, B/H.L: Sub-Jail, Ring Road, Surat- 395002, Gujarat for inspection on any working day (i.e. from Monday to Friday and not being a bank holiday) from 11.a.m to 2.00 p.m.

- Memorandum and Articles of Association of the Company along with Certificate of Incorporation issued by Registrar of Companies, Ahmedabad
- Annual Reports of SSIL and FFL for the year ending March 31, 2018, 2017 and 2016.
- Scheme of Merger by Absorption of FFL by SSIL.
- The Order of Hon'ble NCLT, Ahmedabad Bench dated 10th May, 2019 sanctioning the Scheme of Merger by Absorption of FFL by SSIL.
- Observation Letters issued by BSE vide letter no. DCS/AMAL/SD/R37/1339/2018-19 dated November 19, 2018 according their "no objection" to the Scheme of Merger by Absorption of FFL by SSIL.
- E-form PAS 3- Return of Allotment dated 17/06/2019 for allotment of Shares pursuant to the Scheme of Merger by Absorption of FFL by SSIL.
- Copy of Tripartite Agreement between the Company, RTA and NSDL dated 29/01/2019.
- Copy of Tripartite Agreement between the Company, RTA and CDSL dated 07/03/2019.
- Memorandum of Understanding with the Registrar and Share Transfer Agent.
- SEBI Letter No. CFD/DILII/ADM/RK/27157/2019 dated October 15, 2019 granting relaxation from the applicability of Rule 19(2)(b) of the Securities Contract Regulation (Rules) 1975 for listing of Shares of Shahlon Silk Industries Limited.



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18. DECLARATION

No statement made in this Information Memorandum contravenes any of the provisions of the Companies Act, 1956 and Companies Act, 2013 and the rules made there under. All the legal requirements connected with the said issue as also the guidelines, instructions etc. issued by SEBI, Government and any other competent authority in this behalf have been duly complied with. All the information contained in this document is true and correct.

On behalf of the Board of Directors of
Shahlon Silk Industries Limited

FOR SHAHLON SILK INDUSTRIES LTD.



Arvind Raichand Shah
DIRECTOR / AUTHORISED SIGNATORY
Managing Director
DIN: 00010483

FOR SHAHLON SILK INDUSTRIES LTD.



COMPANY SECRETARY

Hitesh Garmora
Company Secretary

Place: Surat
Date: 21.10.2019