

**September 7, 2022**

To,  
Manager- Dept. of Corporate Services  
BSE Ltd.  
25th Floor, P.J. Towers,  
Dalal Street,  
Mumbai - 400 001

**Scrip Code:** 542862

**Sub:** Submission of Annual Report 2021-2022 including Notice of the 14th Annual General Meeting of the Company

Dear Sir,

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith Annual Report of the Company for the year ended on 31st March, 2022 (FY 2021-2022) including Notice of the 14th Annual General Meeting. This is also available at the website of the Company at <http://www.shahlon.com/reports/14TH%20ANNUAL%20REPORT-2021-22.pdf>

The Schedule for 14th AGM of the Company is set out below;

Date of 14th AGM	Friday, 30th September, 2022 through VC/OAVM
AGM Start Time	11:00 AM
Cut Off Date for E-voting Rights	Friday, 23rd September, 2022
E-Voting at the AGM	Friday, 30th September, 2022 from 11.00 am (IST) till the end of the Meeting
Remote e-Voting Start Date	Tuesday, 27th September, 2022
Remote e-Voting Start Time	09:00 a.m. (IST)
Remote e-Voting End Date	Thursday, 29th September, 2022
Remote e-Voting End Time	05:00 p.m. (IST)
Book Closure Start Date	Saturday, 17th September, 2022
Book Closure End Date	Friday, 30th September, 2022 (both days inclusive)

You are requested to take the same on record.

Thanking You.

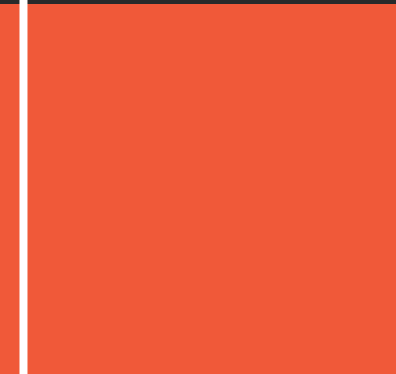
Yours faithfully,  
**For Shahlon Silk Industries Limited**



**Hitesh Garmora**  
**Company Secretary**

Encl.: As stated above

# 2021-22 ANNUAL REPORT





## **DISCLAIMER**

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

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

# Facts & Figures

**38+**

Years of industry presence



**22,200**

Mt Tons/PA



Yarn capacity

**4,00,00,000**

Mtrs/PA



Fabric capacity

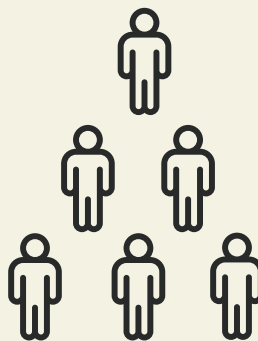
**4.55 MW**

Windmill



**1600+**

Employees



**15+**

Countries presence



# Table of contents

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03

JOURNEY SO FAR

04

COMPANY AT A GLANCE

05

CORE VALUES

06

BUSINESS SEGMENTS

07

APPLICATIONS

08

GEOGRAPHICAL REACH

09

CERTIFICATION

10

SOCIAL AND GREEN INITIATIVE

12

FINANCIALS

13

BOARD OF DIRECTORS

14

CORPORATE INFORMATION

15

FINANCIAL SECTION

# Journey so far

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## Humble beginnings

1984 - 2000

Starting off with 12 conventional power looms, these early years defined the path of our growth through the installation of 282 water-jet looms and procurement of Reliance Industries' sales agency for synthetic yarn.

As the first of many eco-friendly initiatives, we incorporated green energy within our operations through a 1.25mw windmill and installed an Effluent Treatment Plant (ETP) with the capacity to recycle 15 lakh litres of water every day, completely eliminating the discharge from water-jet weaving. We further expanded our production capacity with the installation of 100 water-jet looms.

2001 - 2005

## Going green

## Taking sustainability further

2006 - 2010

Taking our sustainability spirit further, we incorporated more green energy in our operations by installing 2 windmill with capacity of 0.6mw each. Moreover, with the installation of 14 polyester sizing machines, the largest in Surat, newer and better technology made way into our operations.

This period saw tremendous growth, with the commencement of yarn dyeing, cotton sizing, split warping and further expansion of existing units.

2011 - 2015

## Continous growth

## Going forward

2016 - 2021

With the introduction of finish fabrics with an additional yarn dyeing capacity and the installation of a yarn space dyeing machine along with 30 air jet looms and windmill with capacity of 2.10mw, we are now a renowned firm operating on globally accepted standards and are now starting to manufacture of natural fibres like cotton, viscose and rayon,

# Company at glance

## VISION

“To be one of the world’s leading integrated textile enterprise exceeding customer and stakeholder expectations, driven by research, innovation and excellence ”

## MISSION



Strive to offer innovative, customized and value added services to our customers



Be an ethical, transparent and a responsible global organization



Optimize the use of all resources, through state of the art technology



Innovate constantly in our business



Become a process driven organization



Human Resource development initiatives



Surpass compliance and global quality standards



Actively explore and tap potential markets & products

## VALUE



Customer satisfaction



Adaptable and open to change, thus breaking the status quo



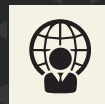
Passionate about creativity, innovation and excellence



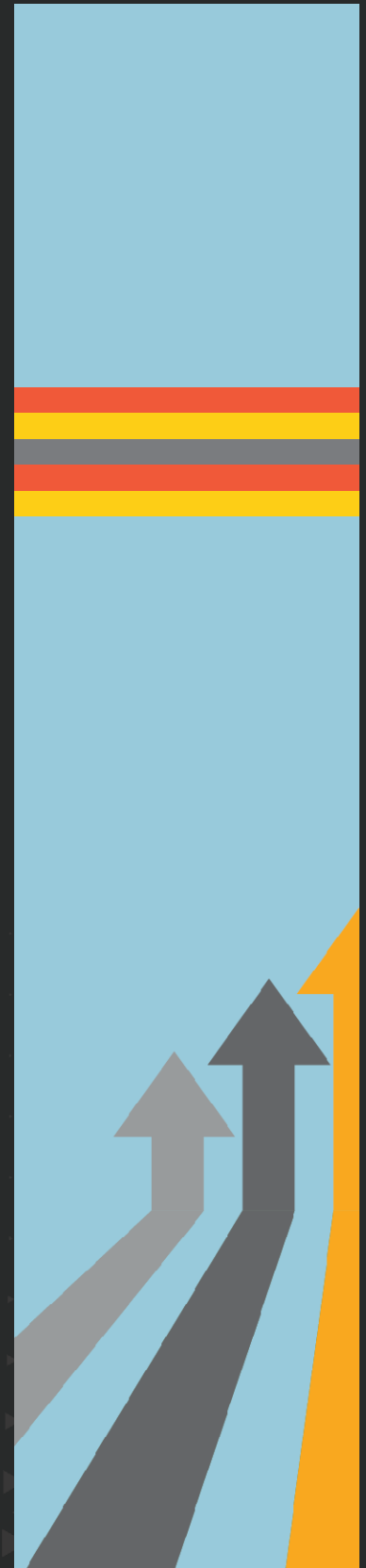
Visionary leadership



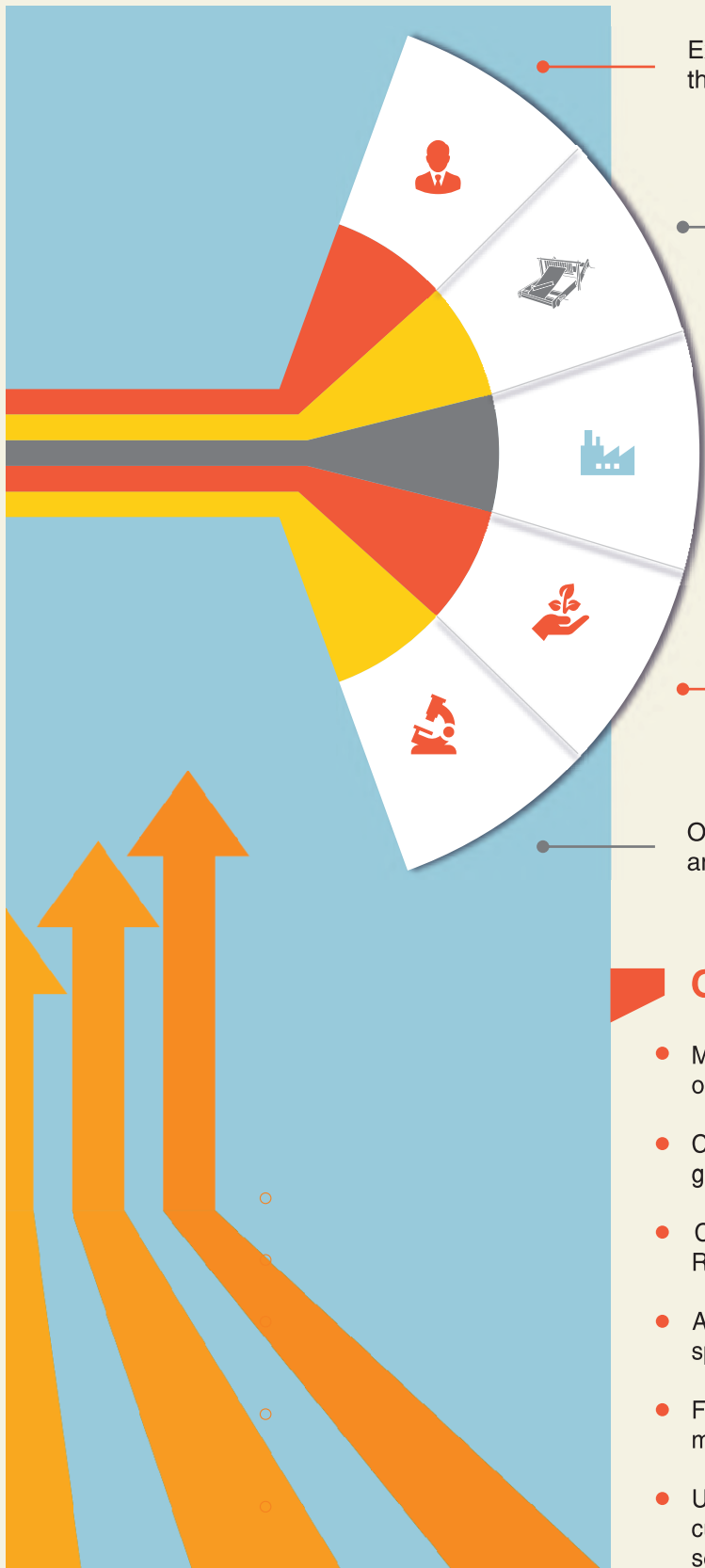
Concern for the environment & the community



Ethical, transparent and global corporate citizens



# Core values



Expertise gained through more than 3 decades of experience.

Leading yarn & fabric producer catering to both domestic and international markets.

State-of-the-art integrated in-house manufacturing facilities built complying with international standards ensuring consistency in quality.

Ability to meet commitments to customers on timelines, costs and quality.

Offers a one-stop solution for all fancy yarn and fabric needs of the customers.

## GROWTH DRIVERS

- Maximising production capabilities with least possible capital outlay and minimum possible time.
- Capturing unexplored global markets by diversifying into new geographies and new products.
- Continuous product development process and knowledge of our R&D team empowers us to be trailblazers in the market.
- Adopt globally accepted manufacturing technology, delivering speed, versatility and most importantly, quality.
- Flawless manufacturing process comprising extensive testing methods, to adhere to all quality specifications.
- Understanding and anticipating the requirements of our customers to offering pre sales and post-sales service, leading to enhanced customer satisfaction



## Business segment

### YARNS

#### Textured Yarn :

We produce all types of textured and crimp yarn, using international standard manufacturing techniques.

#### Carpet Yarn :

We have been exporting various types of yarns such as micro and high bulk to the carpet manufacturing industry, for products ranging from rugs to wall to wall carpets.

#### Intermingled Yarn :

Our carpet yarn offerings have also been further expanded through intermingled yarn.

#### Dyed Yarn :

We have in-house capacities and world-class infrastructures such as color matching through a spectrophotometer and shade development through ARS and Pantone cards, we are well-known to meet the dyeing needs of international and local markets.

#### Space Dyed Yarn :

Adding further value to dyed yarn, we also manufacture and supply polyester/ viscose space-dyed yarn.

#### Sized Yarn:

To meet the quality standards of fabrics and to cater local weaving market, manufacturing and supplying sized beams.



### FABRICS

#### Solid-dyed Fabrics :

We have partnered with top fabric processing houses, ensuring we meet the highest quality benchmarks.

#### Jacquard & Yarn-dyed Fabrics :

With an in-house yarn dyeing set-up capacity of 36,00,000 meters per annum, we produce exceptional quality jacquard & yarndyed fabrics for fashion and furnishing.

#### Printed Fabrics :

Through our partnership with top fabric processing houses, we also supply a wide range of printed fabrics manufactured through rotary, flatbed and digital printing technologies.

#### Sustainable Fabrics :

We are very conscious about our impact on the environment, so in addition to our eco-friendly infrastructure, we also manufacture sustainable fabrics made from recycled yarns.

#### Greige Fabrics:

With a capacity of weaving 3,64,00,000 meters per annum, we are one of the largest and most renowned greige fabric manufacturers in India.



# Applications



**WEAVING**



**FURNISHING**



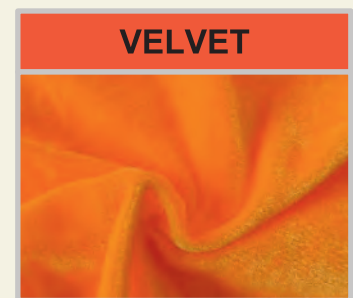
**LACES**



**TAPES**



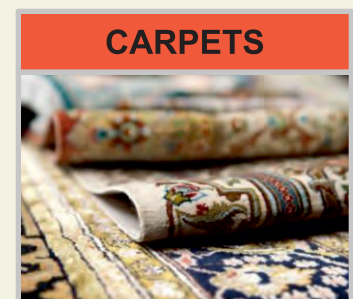
**KNITTING**



**VELVET**

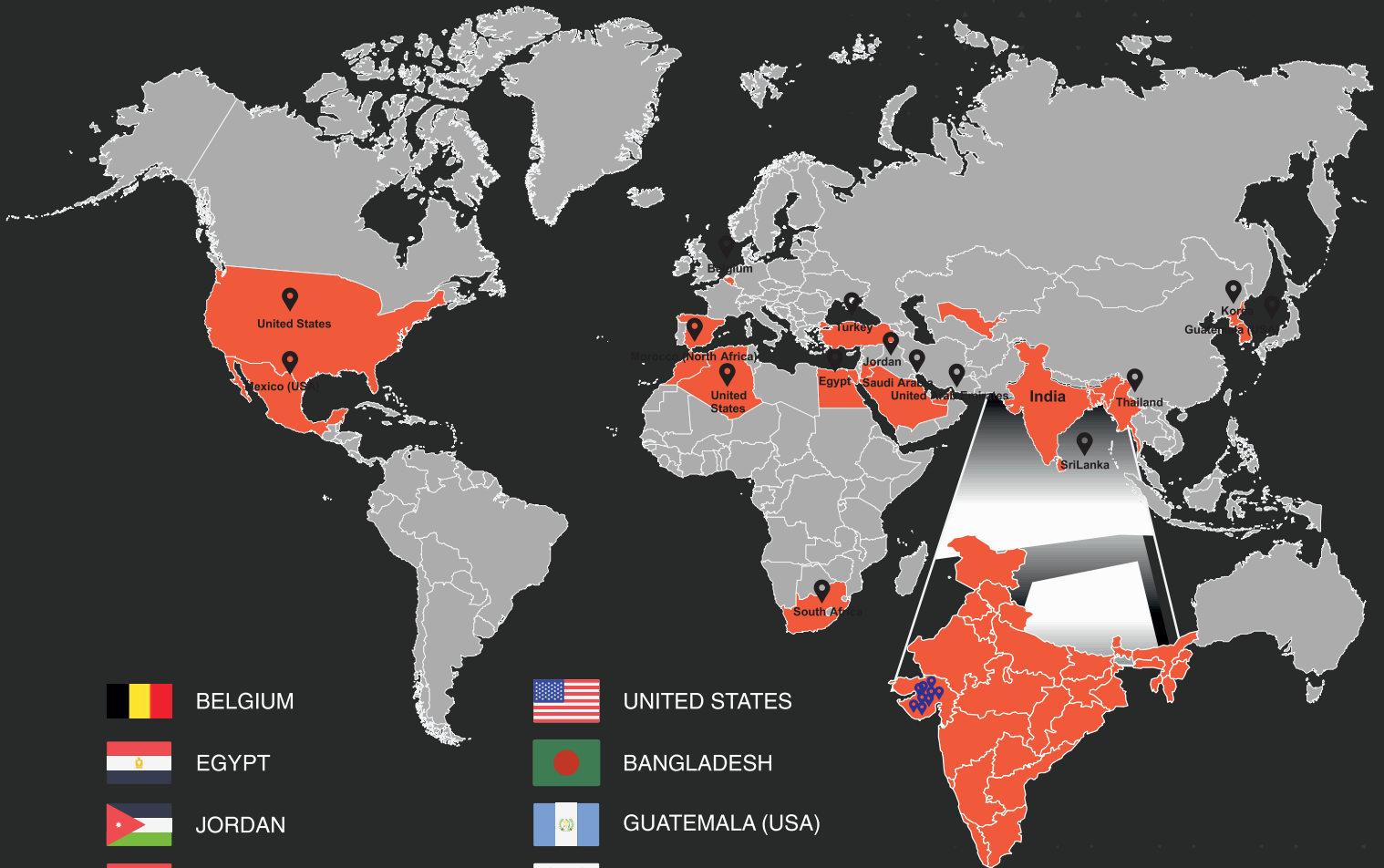




















**LABELS**



**CARPETS**

# Geographical reach



- |   |                        |   |                 |
|---|------------------------|---|-----------------|
|  | BELGIUM                |  | UNITED STATES   |
|  | EGYPT                  |  | BANGLADESH      |
|  | JORDAN                 |  | GUATEMALA (USA) |
|  | MOROCCO (NORTH AFRICA) |  | KOREA           |
|  | THAILAND               |  | MEXICO (USA)    |
|  | TURKEY                 |  | SAUDI ARABIA    |
|  | UNITED ARAB EMIRATES   |  | SOUTH AFRICA    |
|  | SRI LANKA              |  | BRAZIL          |
|  | PERU                   |  | SPAIN           |

## CORPORATE OFFICE

Surat, Gujarat. India

## PLANT (IN GUJARAT)

• Kim • Karanj • Kosamba

# Certification



**Alcumus ISOQAR**

## Certificate of Registration

This is to certify that the Management System of:  
**Shahlon Silk Industries Limited**

Office:  
91, GIDC, Khatodara, Behind Sub Jail, Ring Road Surat - 395 002, Gujarat, India

Works:  
Block No. 297, Plot No. 1A, 1B, 2A, 5A and Block No. 298, Plot No. 1 & 2, Limodara Patiya, Village Karanj, Taluka Mandvi, District Surat - 394 110, Gujarat, India

has been approved by Alcumus ISOQAR and is compliant with the requirements of:

**ISO 9001:2015**

		Certificate Number: 6068-Q15-001
		Initial Registration Date: 15 February 2007
		Previous Expiry Date: 15 February 2022
		Recertification Date: 01-02 February 2022
		Renewal Date: 01 March 2022
		Current Expiry Date: 15 February 2025

**Scope of Registration:**  
Manufacturer of Synthetic Grey fabrics

Signed:  
Steve Stubbley, Technical Director  
(on behalf of Alcumus ISOQAR)

This certificate will remain current subject to the company maintaining its system to the required standard. This will be monitored regularly by Alcumus ISOQAR. Further clarification regarding the scope of this certificate and the applicability of the relevant standards' requirement may be obtained by consulting Alcumus ISOQAR.

  Alcumus ISOQAR Limited, Alcumus Certification, Coira Court, 1 Blackmore Road, Salford, Manchester M32 0QY, T: 0161 865 3699 F: 0161 865 3885 E: info@alcumusisoqar.com W: www.alcumusisoqar.com  
This certificate is the property of Alcumus ISOQAR and must be returned on request.



**Controlunion**

## SCOPE CERTIFICATE

Scope Certificate Number: CU847371009-2503-00015304

Controlunion (UK) Limited  
**Shahlon Silk Industries Limited**  
License Number: 847373  
Block No. 297-298, No. Limodara Patiya, Village Karanj, Taluka Mandvi,  
394110 Dist. Surat, Gujarat  
India

Has been registered and assessed in accordance with the  
Global Recycled Standard (GRS)  
- 600001 - 4B

and the product of this category is covered below and further you have the system specific entry with our website  
Product categories: Greige yarns, Dyed yarns, Greige fabrics, Dyed fabrics

Processing steps: (includes further sub-categories) (includes further sub-categories) (includes further sub-categories)  
Dyeing, Singeing, Twisting, Winding

This certificate is valid until:  
31.03.2025

Scope of this certificate:   

2022-02-14/11/11 Mumbai  
Name of authorised person:  
On behalf of the Managing Director  
Tajil Bari/Controlunion

This Scope Certificate is valid in proof that our goods delivered by the holder are GRS certified. Proof of GRS certification of goods delivered is provided by a valid Transaction Certificate (TC) covering flow.  
The holder of this certificate is authorised to use the GRS logo and the Global Recycled Standard (GRS) logo on their products.  
GRS is a registered trademark of Controlunion (UK) Limited. Controlunion (UK) Limited is a registered company in the United Kingdom.  
Controlunion (UK) Limited, 25th Floor, Leadenhall Building, 15, Leadenhall Street, London EC3A 3RN, UK  
T: +44 (0) 20 7626 2000 F: +44 (0) 20 7626 2001 E: info@controlunion.com W: www.controlunion.com  
Controlunion (UK) Limited is a registered company in the United Kingdom. Registration number: 08429010. Controlunion (UK) Limited is a registered company in the United Kingdom. Registration number: 08429010. Page 1 of 2



Hohenstein Textile Testing Institute GmbH & Co. KG  
Schönhauserstraße 1, 74837 Bönnigheim, Germany

**OEKO-TEX®**  
INSPIRING CONFIDENCE

## CERTIFICATE

The company  
**Shahlon Silk Industries Ltd.**  
Block No. 297, 1A, 1B, 2A, 5A, 3A, 3B, 3C, 3D, 2B  
Block No. 298, Plot No. 1, 3A, 3B, 4A, 4B, Limodara Patia  
Tal. Mandvi, Village Karanj  
Surat - 394 110, Gujarat, INDIA

is granted authorisation according to STANDARD 100 by OEKO-TEX® to use the STANDARD 100 by OEKO-TEX® mark, based on our test report 21.A.76095

for the following articles:  
Woven fabrics made of 100 % polyester, undyed (greige); produced by using materials certified according to STANDARD 100 by OEKO-TEX®.

The results of the inspection made according to STANDARD 100 by OEKO-TEX®, Annex 6, product class I have shown that the above mentioned goods meet the human-ecological requirements of the STANDARD 100 by OEKO-TEX® presently established in Annex 6 for baby articles.

The certified articles fulfil requirements of Annex XVII of REACH (incl. the use of azo colourants, nickel release, etc.), the American requirement regarding total content of lead in children's articles (CPSA), with the exception of accessories made from glass) and of the Chinese standard GB 18401:2010 (labelling requirements were not verified).

The holder of the certificate, who has issued a conformity declaration according to ISO 17050-1, is under an obligation to use the STANDARD 100 by OEKO-TEX® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by audits.

The certificate 11.HIN.89587 is valid until 31.08.2022

Bönnigheim, 17.09.2021

  
Dipl.-Ing. (FH) Juliane Schwan  
Head of Certification Body OEKO-TEX®

OEKO-TEX® Association | Denzingerstrasse 23 | CH-8602 Zurich



Hohenstein Textile Testing Institute GmbH & Co. KG  
Schönhauserstraße 1, 74837 Bönnigheim, Germany

**OEKO-TEX®**  
INSPIRING CONFIDENCE

## CERTIFICATE

The company  
**Shahlon Silk Industries Ltd.**  
Block No. 692-A, Composite Unit 2  
Plot No. 3, 4, 5 A & 15  
Fairdeal Textile Park, Taluka Mangrol, Village Mahuvej  
Surat - 394 102, Gujarat, INDIA

is granted authorisation according to STANDARD 100 by OEKO-TEX® to use the STANDARD 100 by OEKO-TEX® mark, based on our test report 21.A.76093

for the following articles:  
Polyester yarns (PTY-textured, FDY, twisted - single and multiply, bi-shrinkage) in semi dull, full dull, bright, super bright, Kooflex, Cottex, black dyes dyed, mélange, cottonic in raw white, stretch yarn, RECRON® IDY (High Tenacity Grade), Bi-component (polyester and nylon); produced by using materials certified according to STANDARD 100 by OEKO-TEX®.

The results of the inspection made according to STANDARD 100 by OEKO-TEX®, Annex 6, product class I have shown that the above mentioned goods meet the human-ecological requirements of the STANDARD 100 by OEKO-TEX® presently established in Annex 6 for baby articles.

The certified articles fulfil requirements of Annex XVII of REACH (incl. the use of azo colourants, nickel release, etc.), the American requirement regarding total content of lead in children's articles (CPSA), with the exception of accessories made from glass) and of the Chinese standard GB 18401:2010 (labelling requirements were not verified).

The holder of the certificate, who has issued a conformity declaration according to ISO 17050-1, is under an obligation to use the STANDARD 100 by OEKO-TEX® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by audits.

The certificate 11.HIN.89585 is valid until 31.08.2022

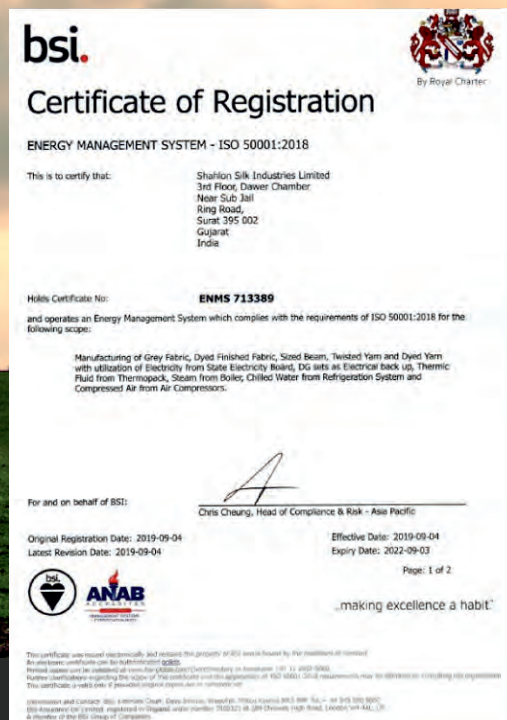
Bönnigheim, 15.09.2021

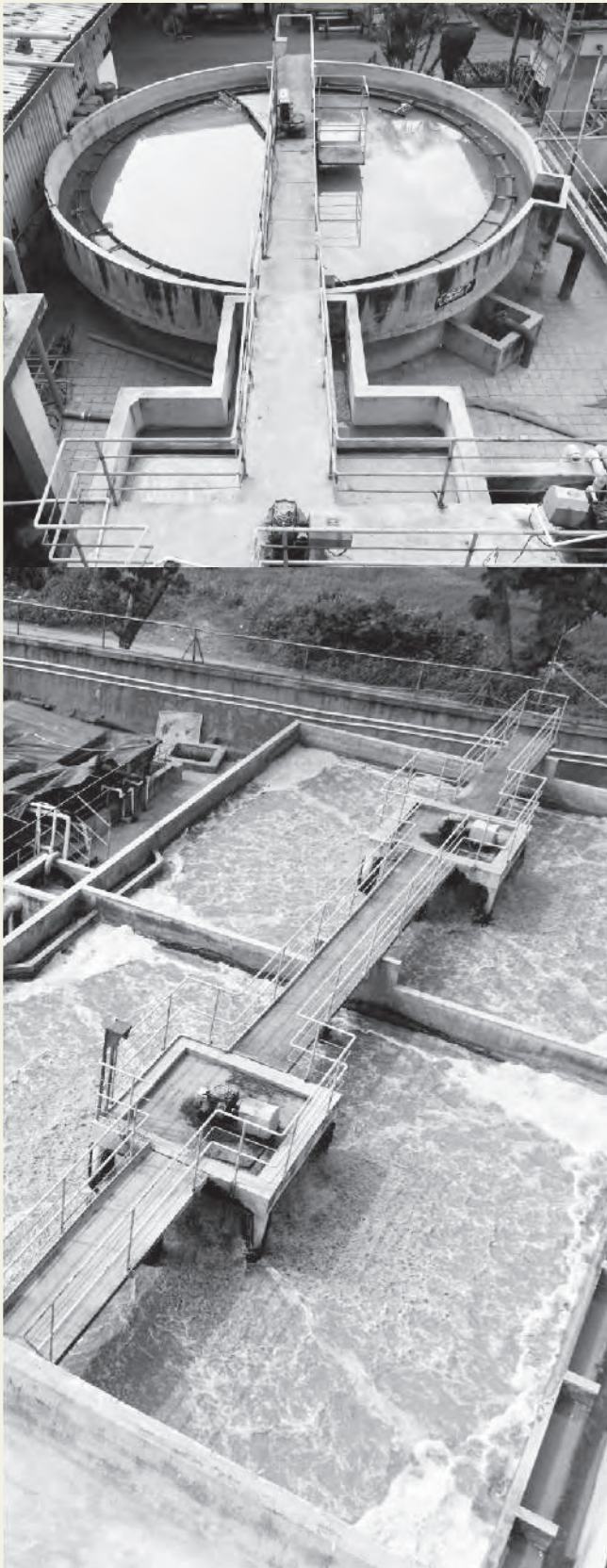
  
Dipl.-Ing. (FH) Juliane Schwan  
Head of Certification Body OEKO-TEX®

OEKO-TEX® Association | Denzingerstrasse 23 | CH-8602 Zurich

## ENVIRONMENT

Caring Mother Nature in all possible ways company has taken due efforts to minimise effect on natural resources. Textile processes being a high power and water consumption processes company has a zero liquid discharge policy with complete recycling for water it uses in its process. Further company has installed 4 wind mills of 4.55 MW capacities to get green energy for its manufacturing requirement and annual contribution of wind energy to total power consumption is approx. 35%-40%.





## EDUCATION

Our local communities fuel our growth and we make ongoing contributions to their development. We are tightly involved with a social organization called 'Oasis' for the upliftment of people in the rural areas surrounding our units, education them through various workshops for youth women and to better education for students with special needs.

The group also acts as the chairman of ITI Umarpada helping in effectively managing the institute. Through this we provide technical education to students living in the nearby tribal area.

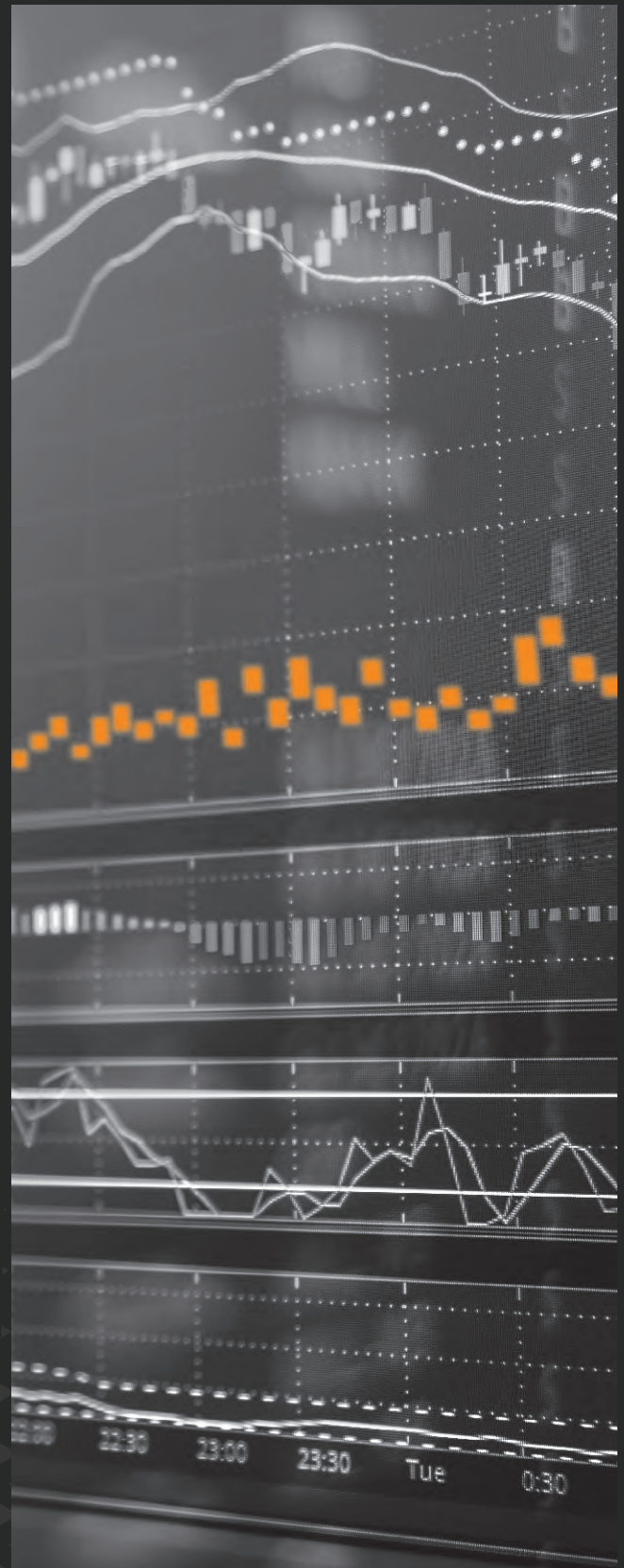
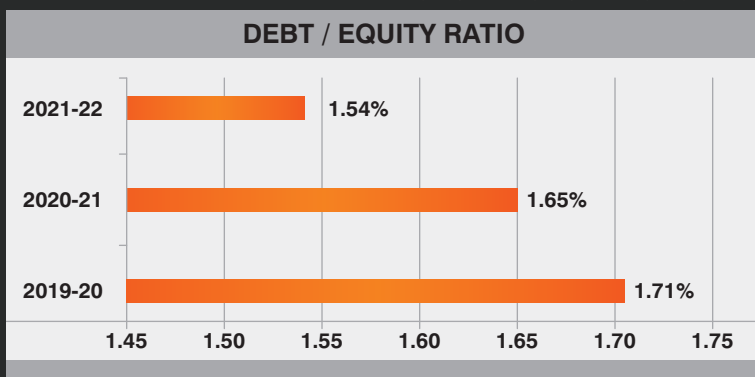
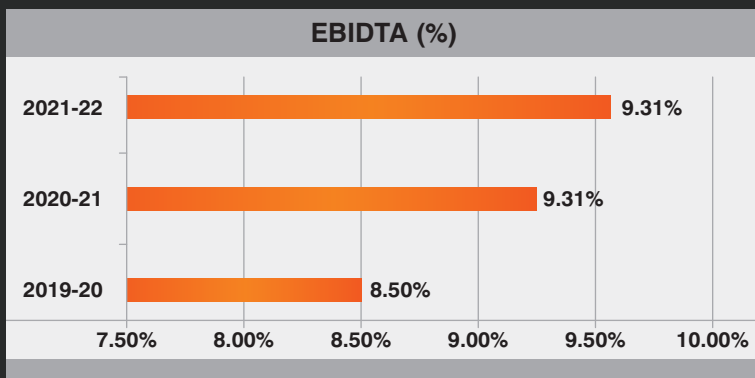
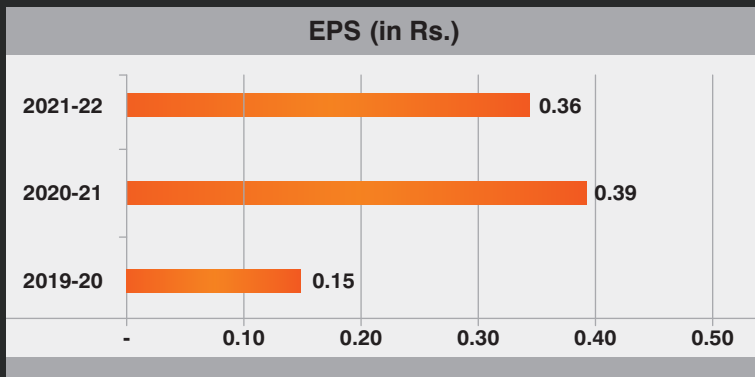


## PEOPLE

WE continuously train our employees and contractors regarding their health and well being. provide an extremely safe work environment, Further, we regularly organise blood donation and health checkup camps at our premises. We have also assisted in spreading cleanliness in nearby villages. support villagers in opening bank accounts, and regularly advise them regarding financial planning.



# Financials



## Board of directors

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### **MR. DHIRAJLAL RAICHAND SHAH**

#### **Chairman & Promoter Director**

A Commerce Graduate having vast experience of around 35 years in the textile business.

### **MR. ARVIND RAICHAND SHAH**

#### **Managing Director**

A Science Graduate having vast experience of around 35 years in the textile business.

### **MR. NITIN RAICHAND SHAH**

#### **Whole-time Director**

A Commerce Graduate having vast experience of around 35 years in the textile business.

### **MS. RICHA MANOJ GOYAL**

#### **Professional Independent Director**

She is a Law graduate and fellow member of the Institute of Company Secretaries of India.

### **MR. RAJENDRA KUNDANLAL DESAI**

#### **Professional Independent Director**

A qualified CA with as experience of more than 30 years in field of project finance, audit, accounts and taxation.

### **MR. VAIBHAV JAYANTBHAI MEHTA**

#### **Professional Independent Director**

A Textile Technology (Engineer), he has relevant experience of 23 years in textile industry.





# Corporate information

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## COMPANY SECRETARY

Mr. Hitesh Kantilal Garmora

## CFO

Mr. Satish H. Shah

## AUDITORS

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

## SECRETARIAL AUDITOR

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

## BANKERS

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

## REGISTERED OFFICE

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

Tel. No. (0261) 4190200 Fax No. (0261) 2635550  
E-mail: info@shahlon.com Website: www.shahlon.com

## CORPORATE OFFICE

3rd Floor Dawer Chambers, Nr. Sub-Jail,  
Ring Road, Surat – 395002, Gujarat, India  
Tel. No. (0261) 4190200.

## REGISTRARS AND SHARE TRANSFER AGENTS

**Bigshare Services Private Limited**

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

## ISIN for NSDL & CDSL

INE052001026

# Index

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■	Notice of Annual General Meeting	16
■	Directors' Report	37
■	Report on Corporate Governance	49
■	Management Discussion and Analysis	67
■	Independent Auditors' Report	71
■	Balance Sheet	81
■	Profit & Loss Account	83
■	Cash Flow Statement	84
■	Notes to Financial Statements	88
■	Significant Accounting Policies	115
■	Various Forms	128

# FINANCIAL SECTION

## NOTICE

Notice is hereby given that the 14th Annual General Meeting of members of **SHAHLON SILK INDUSTRIES LIMITED** will be held on **Friday, 30th day of September, 2022, at 11:00 A.M.** through Video Conferencing (VC)/Other Audio Visual Means (OAVM) to transact the following business. The venue of the Meeting shall be deemed to be the Corporate Office of the Company situated at 3rd Floor, Dawer Chambers, Nr. Sub Jail, Ring Road, Surat- 395002:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2022, together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend of Rs.0.06/- per Equity Share for the financial year ended 31st March, 2022.
3. To appoint a Director in place of Shri Dhirajlal R. Shah (DIN 00010480), Director who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

4. TO RATIFY THE REMUNERATION PAYABLE TO COST AUDITORS:

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

**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Cost records and Audit Rules) 2014 and The Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or reenactment(s) thereof for the time being in force), the remuneration payable to M/s. Kannaujiya & Co., Cost Accountants, having Firm Registration No.102990 appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company pertaining to textile product for the financial year ending 31st March, 2023, amounting to Rs.30,000/- (Rupees Thirty Thousand) as also the payment of taxes as applicable and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit, as approved by the Board of Directors, be and is hereby ratified and confirmed.

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

### 5. Re-appointment of Shri Nitin R. Shah as a Whole-time Director:

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

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 [including statutory modification(s) or re-enactment thereof for the time being in force] and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, read with Schedule V of the Companies Act, 2013 and Articles of Association of the Company and subject to approval of requisite authorities, if any, consent of Shareholders be and is hereby accorded for re-appointment of **Shri Nitin R. Shah** as a **Whole Time Director** of the Company for a three years term commencing from October 1, 2022 till September 30, 2025 on the terms and conditions including remuneration as set out in the draft agreement as approved by the Nomination and Remuneration Committee as also the Board of Directors of the Company at its respective meeting held on August 12, 2022."

**FURTHER RESOLVED** that the Board of Directors shall have liberty to vary any terms and conditions relating to appointment of and remuneration payable to Shri Nitin R. Shah as a Whole-time Director.

**FURTHER RESOLVED THAT** in case of absence or inadequacy of profit, aforesaid remuneration shall be treated as minimum remuneration.

**RESOLVED FURTHER THAT** pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, applicable provisions of the Companies Act, 2013 read with rules made thereunder and other laws applicable, if any [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] as also pursuant to the recommendation of the

Nomination & Remuneration Committee and the Board of Directors of the Company, approval be and is hereby accorded, to the continuation of payment of remuneration to Mr. NITIN RAICHAND SHAH (DIN: 00010487) (belonging to promoter group) as a Whole Time Director on the aforesaid terms and conditions for his proposed tenure beginning on 1st October, 2022, and ending on 30th September, 2025, notwithstanding

- (a) the annual remuneration payable to him exceeds Rs. 5 Crores or 2.5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, whichever is higher, OR
- (b) the aggregate annual remuneration of all the Executive Directors exceeds 5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013.

AND FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution.'

**6. Re-appointment of Shri Arvind R. Shah as a Managing Director:**

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

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 [including statutory modification(s) or re-enactment(s) thereof for the time being in force] and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, read with Schedule V of the Companies Act, 2013 and Articles of Association of the Company and subject to approval of requisite authorities, if any, approval be and is hereby accorded for re-appointment of Shri **Arvind R. Shah** as a **Managing Director** of the Company for a three years term commencing from October 1, 2022 till September 30, 2025 on the terms and conditions including remuneration as set out in the draft agreement as approved by the Nomination and Remuneration Committee as also the Board of Directors of the Company at its respective meeting held on August 12, 2022.

**FURTHER RESOLVED** that the Board of Directors shall have liberty to vary any terms and conditions relating to appointment of and remuneration payable to Shri Arvind R. Shah as a Managing Director.

**FURTHER RESOLVED THAT** in case of absence or inadequacy of profit, aforesaid remuneration shall be treated as minimum remuneration.

**RESOLVED FURTHER THAT** pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, applicable provisions of the Companies Act, 2013 read with rules made thereunder and other laws applicable, if any [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] as also pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, approval be and is hereby accorded, to the continuation of payment of remuneration to Mr. ARVIND RAICHAND SHAH (DIN: 00010483) (belonging to promoter group) as a Managing Director on the aforesaid terms and conditions for his proposed tenure beginning on 1st October, 2022, and ending on 30th September, 2025, notwithstanding

- (a) the annual remuneration payable to him exceeds Rs. 5 Crores or 2.5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, whichever is higher,

OR

- (b) the aggregate annual remuneration of all the Executive Directors exceeds 5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013.

AND FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution.'

**7. Re-appointment of Shri Dhirajlal R. Shah as an Executive Chairman:**

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

**“RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 [including statutory modification(s) or re-enactment(s) thereof for the time being in force] and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, read with Schedule V of the Companies Act, 2013 and Articles of Association of the Company and subject to approval of requisite authorities, if any, approval be and is hereby accorded for re-appointment of **Shri Dhirajlal R. Shah** as an **Executive Chairman** of the Company for a three years term commencing from October 1, 2022 till September 30, 2025 on the terms and conditions including remuneration as set out in the draft agreement as approved by the Nomination and Remuneration Committee as also the Board of Directors of the Company at its respective meeting held on August 12, 2022.

**FURTHER RESOLVED** that the Board of Directors shall have liberty to vary any terms and conditions relating to appointment of and remuneration payable to Shri Dhirajlal R. Shah as an Executive Chairman.

**FURTHER RESOLVED THAT** in case of absence or inadequacy of profit, aforesaid remuneration shall be treated as minimum remuneration.

**RESOLVED FURTHER THAT** pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, applicable provisions of the Companies Act, 2013 read with rules made thereunder and other laws applicable, if any [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] as also pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, approval be and is hereby accorded, to the continuation of payment of

remuneration to Mr. DHIRAJLAL RAICHAND SHAH (DIN: 00010480) (belonging to promoter group) as an Executive Chairman on the aforesaid terms and conditions for his proposed tenure beginning on 1st October, 2022, and the aforesaid term of reappointment ending on 30th September, 2025, notwithstanding

(a) the annual remuneration payable to him exceeds Rs. 5 Crores or 2.5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, whichever is higher,

OR

(b) the aggregate annual remuneration of all the Executive Directors exceeds 5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013.

AND FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution.”

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

**Place :** Surat

**Date :** 12/08/2022

**Hitesh K. Garmora**  
Company Secretary

## NOTES

1. The Ministry of Corporate Affairs ("MCA") has vide its Circular No. 20/2020 dated 5th May, 2020 read with Circular No. 14/2020 dated 8th April, 2020, Circular No. 17/2020 dated 13th April, 2020, Circular No. 02/2021 dated 13th January, 2021, Circular No. 19/2021 dated 8th December, 2021 and Circular No. 02/2022 dated 05th May, 2022 (hereinafter collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide Circular Nos. SEBI/HO/CFD /CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022 (hereinafter collectively referred to as "SEBI Circulars"), permitted the holding of Annual General Meeting through VC or OAVM without the physical presence of Members at a common venue. In compliance with these Circulars and the relevant provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the 14th Annual General Meeting of the Members of the Company is being held through VC/OAVM. Hence, Members can attend and participate in the AGM through VC/OAVM only. The deemed venue for the Annual General Meeting of the Company shall be the Registered Office of the Company. The detailed procedure for participating in the meeting through VC/OAVM is explained at Note No. 22 below.
2. Since the AGM will be held through VC/OAVM, the Route Map, Proxy Form and Attendance Slip are not annexed in this Notice.
3. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
4. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
5. Relevant documents as required by law and referred to in the accompanying Notice shall be available for inspection electronically by the shareholders during the AGM. The documents referred to in the Notice will also be available for inspection without any fee by the shareholders from the date of circulation of this Notice up to the date of AGM. Shareholders seeking to inspect such documents can send an email to [info@shahlon.com](mailto:info@shahlon.com).
6. In compliance with the MCA Circulars and the SEBI Circulars, Notice of the AGM along with the Annual Report for Financial Year 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company, Bigshare Services Private Limited (RTA), National Securities Depository Limited and Central Depository Services (India) Limited. The Notice of the AGM along with the Annual Report for Financial Year ended 2021-22 has been uploaded on the website of the Company at [www.shahlon.com](http://www.shahlon.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
7. The Explanatory statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts relating to Special Business to be transacted at the Annual General Meeting ("AGM") is annexed hereto.
8. In terms of the provisions of Section 152 of the Act, Shri Dhirajlal R. Shah (DIN 00010480), Director, retires by rotation at the AGM and being eligible for appointment, the Board of Directors of the Company have recommend his re-appointment to the shareholders for their approval. Shri Dhirajlal R. Shah is interested in the Item No. 3 of the Notice with regard to his re-appointment. Shri Nitin R. Shah, Whole-time Director and Shri Arvind R. Shah, Managing Director, being related to Shri Dhirajlal R. Shah, may be deemed to be interested in the Item No. 3 of the Notice. The other relatives of Shri Dhirajlal R. Shah, Shri Nitin R. Shah and Shri Arvind R. Shah, may also be deemed to be interested in the Item No. 3 of the Notice, to the extent of their shareholding, if any, in the Company. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Business set out under Item Nos. 1, 2 and 3 of the Notice.

9. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, of the Directors retiring by rotation/ seeking re-appointment as Director at the AGM, are also annexed.
10. Pursuant to the provisions of section 91 of the Companies Act, 2013, the register of members and share transfer books of the Company shall remain closed from **Saturday, 17th September, 2022 to Friday, 30th September, 2022 (both days inclusive)** for the purpose of payment of Dividend for financial year ended 31st March, 2022 and the 14th AGM of the Company. The Record date for determining the name of the members eligible for Dividend on Equity share, if declared at this meeting, is **Friday, 16th September, 2022.**
11. Dividend on equity shares, if declared at the annual general meeting, will be credited/dispatched on or after **Friday, 30th September, 2022 as under:**
  - a. to all those beneficial owners holding shares in electronic form, as per the beneficial ownership data made available to the Company by National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as of the close of business hours on **Friday, 16th September, 2022;** and
  - b. to all those shareholders holding shares in physical form whose names stand on the Register of Members as on **Friday, 16th September, 2022.**
12. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. 1st April, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/RTA (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by uploading the same with the Company's RTA at <https://www.bigshareonline.com/dividendTDS.aspx> or email to the

RTA's Registered Email address at [investor.ahm@bigshareonline.com](mailto:investor.ahm@bigshareonline.com) by 11:59 p.m. IST on **Friday, 16th September, 2022.** Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by uploading the same with the Company's RTA at <https://www.bigshareonline.com/dividendTDS.aspx> or sending an email to the RTA's Registered Email address at [investor.ahm@bigshareonline.com](mailto:investor.ahm@bigshareonline.com). The aforesaid declarations and documents need to be submitted by the shareholders by 11:59 p.m. IST on **16th September, 2022** in order to enable the Company to determine and deduct appropriate TDS/withholding tax rate.

No communication on the tax determination/ deduction shall be entertained post **16th September, 2022.** It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from the shareholder, there would still be an option available with the shareholder to file the return of income and claim an appropriate refund, if eligible.

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

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

14. In terms of the Listing Regulations, transfer, transmission and transposition of securities of listed companies held in physical form shall be effected only in demat mode. Further, SEBI, has also mandated that

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

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

SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Bigshare Services Private Limited

16. SEBI vide its circular dated April 20, 2018 has mandated registration of Permanent Account Number ("PAN") and Bank Account details for shareholders holding securities in physical form. Further SEBI vide its circular dated November 03, 2021 and December 14, 2021 has mandated shareholders holding securities in physical form to furnish PAN, Nomination Details, Contact details (Address with PIN, Mobile number and Email address), Bank account details (bank name, branch name, account number and IFS code) and Specimen

signature before they could avail any investor service. Folios wherein any one of the above mentioned details are not available by April 01, 2023, shall be frozen. The relevant forms prescribed by SEBI for furnishing the above details are available on the website of the Company. The concerned shareholders are requested to register / update the above mentioned details by submitting the prescribed forms duly filled and signed by the registered holders, by e-mail from their registered e-mail address to [bssahd@bigshareonline.com](mailto:bssahd@bigshareonline.com) or by submitting a physical copy thereof to the RTA, Bigshare Services Private Limited. "Unit - Shahlon Silk Industries Ltd."

17. Shareholders holding shares in dematerialised mode are requested to register / update their PAN, Nomination Details, Contact details (Address with PIN, Mobile number and Email address), Bank account details (bank name, branch name, account number and IFS code) and Specimen signature with the relevant Depository Participant
18. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2013-14, from time to time, to the Investor Education and Protection Fund (IEPF) established by the Central Government.

The Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on March 31, 2021 on the website of the Company. The said details have also been uploaded on the website of the IEPF Authority i.e. [www.iepf.gov.in](http://www.iepf.gov.in).

Please note that Members who have yet not en-cashed their dividend warrant(s) pertaining to dividend declared for the financial year 2014-15 and onwards are requested to lodge their unpaid dividend claims along with claimant's Proof of Identity, Cancelled Cheque and address immediately with the Company before transfer of said dividend amount to the IEPF.

Due dates for transfer of unclaimed/unpaid dividends to IEPF for the financial year 2014-15 and thereafter:

Financial Year	Date of Declaration of Dividend	Dividend Payment	Due Date for transfer to IEPF
2014-2015	30/09/2015	5.00%	06/11/2022
2015-2016	30/09/2016	12.5%	06/11/2023
2016-2017	29/09/2017	12.5%	05/11/2024
2017-2018	29/09/2018	12.5%	05/11/2025
2018-2019	30/09/2019	5.00%	06/11/2026
2019-2020	26/12/2020	2.50%	01/02/2028
2020-2021	30/09/2021	2.50%	06/11/2028



19. a) Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, during financial year 2021-22, transferred to the IEPF Authority all shares in respect of which dividend had remained unpaid or unclaimed for seven consecutive years or more as on the due date of transfer. Details of shares transferred to the IEPF Authority are available on the website of the Company. The said details have also been uploaded on the website of the IEPF Authority i.e. [www.iepf.gov.in](http://www.iepf.gov.in).
- b) **The Company has now communicated individually the concerned shareholders whose shares are liable to be transferred to IEPF Authority during the financial year 2022-23 at their latest available address with the Company and simultaneously published a notice in the English newspaper the Financial Express and in Gujarati newspaper Gujarat Guardian dated 05/08/2022, for taking appropriate action. The Statement of details of such Shareholders and Shares due for transfer to IEPF Authority during the financial year 2022-23 and the Statement of Unclaimed Dividend amount for 7 consecutive years is placed on the website of the Company.**
- c) Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from IEPF Authority. Concerned members/investors are advised to visit the web link: <https://www.iepf.gov.in/IEPF/refund.html> or Bigshare Services Private Limited, the Registrar and Share Transfer Agent of the Company for lodging claim for refund of shares and / or dividend from the IEPF Authority. Please quote on all such correspondence - "Unit - Shahlon Silk Industries Ltd." **For Shareholders queries – Telephone No. +91-79-40392571, Email : [bssahd@bigshareonline.com](mailto:bssahd@bigshareonline.com)**
20. Members seeking any information concerning the accounts and operations are requested to send their queries to the company at least 10 days before the date of the meeting, so that information required can be made available at the meeting.
21. Non-resident Indian shareholders are requested to inform about the following immediately to the Company or its RTA or the concerned Depository Participant, as the case may be:
- change in the residential status on return to India for permanent settlement.
  - particulars of the NRE account with a Bank in India, if not furnished earlier.
22. The Board of Directors has appointed Shri Bhairav H. Shukla, Practicing Company Secretary (Membership No. FCS 6212) as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
23. The Scrutinizer, after the conclusion of e-voting at the AGM, will scrutinize the votes cast at the AGM and votes cast through remote e-voting and make a consolidated Scrutinizer's Report and submit the same to the Chairman. The result of e-voting will be declared within two working days of the conclusion of the AGM and the same, along with the consolidated Scrutinizer's Report, will be placed on the website of the Company at [www.shahlon.com](http://www.shahlon.com) and on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com). The result along with the consolidated Scrutinizer's Report will simultaneously be communicated to the Stock Exchange.
24. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the AGM i.e. September 30, 2022.
- THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING JOINING ANNUAL GENERAL MEETING THROUGH VC/OAVM ARE AS UNDER:**
- Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), MCA Circulars and SEBI Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting

through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

- II. The members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC/OAVM but shall not be entitled to cast their vote again.
- III. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- IV. The voting period begins on **27th September, 2022 (9.00 a.m.)** and ends on **29th September, 2022 (5.00 p.m.)**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **23rd September, 2022** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- V. Shareholders who have already voted prior to the meeting date would not be entitled to vote during the meeting.
- VI. Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to

provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

- VII. Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.
- VIII. In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

**Step 1 Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.**

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

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

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

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

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

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

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

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

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

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

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

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

- (iii) After entering these details appropriately, click on "SUBMIT" tab.
- (iv) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (v) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (vi) Click on the EVSN for the relevant **<SHAHLON SILK INDUSTRIES LIMITED>** on which you choose to vote.
- (vii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (viii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (ix) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (x) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xiii) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xiv) Additional Facility for Non - Individual Shareholders and Custodians - For Remote Voting only.**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [companysecretary@cs.shahlon.com](mailto:companysecretary@cs.shahlon.com) (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

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

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at **companysecretary@cs.shahlon.com**. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at **companysecretary@cs.shahlon.com**. These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

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

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

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

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

- IX. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holds shares as of the cut-off date i.e. **23rd September, 2022**, may obtain the login ID and password by sending a request to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). However, if person is already registered with CDSL for e voting then existing User ID and password can be used for casting vote.

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

**Place :** Surat  
**Date :** 12.08.2022

**Hitesh K. Garmora**  
Company Secretary

## ANNEXURE TO THE NOTICE

### BRIEF RESUME OF DIRECTOR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

*{In pursuance of Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2)} AND*

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

#### ITEM NO. 4 OF THE NOTICE

The Board of Directors, on the recommendation of the Audit Committee has approved the appointment and remuneration of an amount not exceeding Rs.30,000 (Rupees Thirty thousand only) plus taxes as applicable and reimbursement of out-of-pocket expenses payable to the Cost Auditors M/s Kannaujia & Co., Cost Accountants, having Firm Registration No.102990, to conduct the audit of the cost records of the Company for the financial year ending on 31st March, 2023.

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item No.4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2023.

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

The Board recommends the resolution for approval by the members.

#### ITEM NO. 5 OF THE NOTICE

Shri Nitin Raichand Shah was appointed as a Whole-time Director of the company by the shareholders at their Annual General Meeting held on 30 September, 2019, liable to retire by rotation, for a period of 3 years. The said term is expiring on 30 September, 2022.

Your directors at its meeting held on August 12, 2022 has, subject to approval of shareholders, re-appointed Shri Nitin R. Shah (DIN: 00010487) as a Whole-time Director of the Company for a period of three years from the expiry of his present term i.e. with effect from October 1, 2022, on terms and conditions including remuneration as mentioned in draft agreement approved by the Nomination and Remuneration Committee and the Board.

Pursuant to Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013 and rules made thereunder, approval of members is required by way of Special Resolution for re-appointment of Shri Nitin R. Shah, as a Whole-time Director of the Company and payment of remuneration in capacity of managerial personal.

Newly inserted sub regulation 17 (6) (e) to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("LODR") requires approval of shareholders by way of Special Resolution in following circumstances:

"the Payment of any fees or compensation to executive directors who are promoters or members of the promoter group shall be subject to the approval of the shareholders by Special Resolution, if:

- (a) the annual remuneration payable to him exceeds Rs. 5 Crores or 2.5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, whichever is higher,

OR

- (b) the aggregate annual remuneration of all the Executive Directors exceeds 5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013.

Your Company has three executive directors belonging to promoter group viz. Shri Dhirajlal R. Shah, Shri Arvind R. Shah and Shri Nitin R. Shah who are proposed to be re-appointed on the terms and condition including remuneration of Rs.4,50,000/- to each.

The Board accordingly recommends and seeks your approval to the resolution as set out at Sr.No.5 of this accompanying Notice by way of Special Resolution.



The draft agreement between the company and Shri Nitin R. Shah is available for inspection by the members of the company at registered office of the company between 11.00 A.M. to 1.00 P.M. on any working day of the company.

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

As regards re-appointment of Shri Nitin R. Shah, following necessary disclosures are made for the information of the shareholders:

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

Shri Nitin R. Shah, aged 61 years, is a Commerce Graduate and looks after technical and product development functions of the organization. He has an active involvement in the business for last 37 years. He manages team of qualified technical persons having an experience in textile field. The employees are rich in experience and also have good knowledge of installation of various textile machineries in the company.

His further disclosures are mentioned below under additional disclosures and Annexure.

**ITEM NO. 6 OF THE NOTICE**

Shri Arvind Raichand Shah was appointed as a Managing Director of the company by the shareholders at their Annual General Meeting held on 30 September, 2019, liable to retire by rotation, for a period of 3 years. The said term is expiring on 30 September, 2022.

Taking into consideration the age, qualifications, ability and experience and looking to the business requirement and based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on August 12, 2022 has, subject to approval of shareholders, re-appointed Shri Arvind R. Shah (DIN: 00010483) as a Managing Director of the Company for a period of three years from the expiry of his present term i.e. with effect from October 1, 2022, on terms and conditions including remuneration as mentioned in draft agreement approved by the Nomination and Remuneration Committee and the Board. The Directors are of the views that re-appointment of Shri Arvind R. Shah as a Managing

Director will be beneficial for the smooth operations of the company.

Pursuant to Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013 and rules made thereunder, approval of members is required by way of Special Resolution for re-appointment of Shri Arvind R. Shah, as a Managing Director of the Company.

Newly inserted sub regulation 17 (6) (e) to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("LODR") requires approval of shareholders by way of Special Resolution in following circumstances:

"the Payment of any fees or compensation to executive directors who are promoters or members of the promoter group shall be subject to the approval of the shareholders by Special Resolution, if:

- (a) the annual remuneration payable to him exceeds Rs. 5 Crores or 2.5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, whichever is higher,

OR

- (b) the aggregate annual remuneration of all the Executive Directors exceeds 5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013.

Your Company has three executive directors belonging to promoter group viz. Shri Dhirajlal R. Shah, Shri Arvind R. Shah and Shri Nitin R. Shah who are proposed to be re-appointed on the terms and condition including remuneration of Rs.4,50,000/- to each.

The Board accordingly recommends the resolution set out at Sr. No.6 of this Notice for the approval of the Members as a special resolution.

The draft agreement between the company and Shri Arvind R. Shah is available for inspection by the members of the company at registered office of the company between 11.00 A.M. to 1.00 P.M. on any working day of the company.

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

As regards re-appointment of Shri Arvind R. Shah, following necessary disclosures are made for the information of the shareholders:

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

Shri Arvind R. Shah, aged 63 years, a science graduate looks after marketing function in the organization. He manages team of experienced marketing managers who are generally textile engineers.

His further disclosures are mentioned below under additional disclosures and Annexure.

**ITEM NO. 7 AND 3 OF THE NOTICE**

Shri Dhirajlal Raichand Shah was appointed as an Executive Chairman of the company by the shareholders at their Annual General Meeting held on 30 September, 2019, liable to retire by rotation, for a period of 3 years. The said term is expiring on 30 September, 2022.

Taking into consideration the industry scenario, performance and growth of the company under his management, his experience and based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company, at its meeting held on August 12, 2022 has, subject to approval of shareholders, re-appointed Shri Dhirajlal R. Shah (DIN:00010480) as an Executive Chairman of the Company for a period of three years from the expiry of his present term i.e. with effect from October 1, 2022, on terms and conditions including remuneration as mentioned in draft agreement approved by the Nomination and Remuneration Committee and the Board. The Directors are of the views that re-appointment of Shri Dhirajlal R. Shah as Executive Chairman will be beneficial for the smooth operations of the company.

Pursuant to Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013 and rules made thereunder, approval of members is required by way of Special Resolution for re-appointment of Shri Dhirajlal R. Shah, as an Executive Chairman of the Company and payment of remuneration in capacity of managerial personal.

Newly inserted sub regulation 17 (6) (e) to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("LODR") requires approval of shareholders by way of Special Resolution in following circumstances:

"the Payment of any fees or compensation to executive directors who are promoters or members of the promoter group shall be subject to the approval of the shareholders by Special Resolution, if:

(a) the annual remuneration payable to him exceeds Rs. 5 Crores or 2.5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, whichever is higher,

OR

(b) the aggregate annual remuneration of all the Executive Directors exceeds 5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013.

Your Company has three executive directors belonging to promoter group viz. Shri Dhirajlal R. Shah, Shri Arvind R. Shah and Shri Nitin R. Shah who are proposed to be re-appointed on the terms and condition including remuneration of Rs.4,50,000/- to each.

The Board accordingly recommends the resolution set out at Sr.No.7 of this Notice for the approval of the Members as a special resolution.

The draft agreement between the company and Shri Dhirajlal R. Shah is available for inspection by the members of the company at registered office of the company between 11.00 A.M. to 1.00 P.M. on any working day of the company.

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

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

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

Mr. Dhirajlal R. Shah aged 67 years, has done his Graduation in Commerce and has been in Textile Business since 1984. He looks after finance and overall administration of the organization. He is associated with various business associations and has successfully represented various issues of the textile industry before government and other authorities from time to time. He

has received "Outstanding Businessman" award from The South Gujarat Chamber of Commerce and Industry for the year 2014. He is associated as trustee with South Gujarat Rural Development Trust which has completed various rural developments in Mangrol Taluka, Dist. Surat. He has involvement with various business associations & government departments:

- Chairman of Synthetic Rayon & Textiles Export Promotion Council at present
- Chairman of Technology Upgradation and modernization committee of South Gujarat Chamber of Commerce and Industry.
- Member Regional Advisory committee of excise.
- Past president of South Gujarat Texturisers Welfare Association, Surat

- Past member of textile working group of Gujarat State government.
- Chairman of Fairdeal Textile Park, a modern Weaving Park at Village: Mahujej, Taluka: Mangrol, Dist.: Surat.

His further disclosures are mentioned below under additional disclosures and Annexure.

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

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

**I. General Information:**

1.	Nature of Industry:	The Company is engaged in manufacturing and trading of synthetic textile yarn and fabrics, both for domestic and international markets.		
2.	Date or expected date of Commencement of commercial production	The company is already engaged in the business since its incorporation i.e. April, 2008		
3.	In case of new companies, expected date of commencement of activities	Not Applicable		
4.	Financial performance based on given indicators	<b>Particulars</b>	<b>(Rs. In Lacs)</b>	
			<b>FY 2021-22</b>	<b>FY 2020-21</b>
		Paid up Capital	1786.05	1786.05
		Reserves & Surplus	7723.08	7418.33
		Income from operations	31338.21	21486.39
		EBIDTA	2988.59	3360.87
		Profit before Tax	575.58	496.00
		Profit after Tax	317.73	347.07
	Effective Capital	15020.23	13133.37	
5.	Foreign investments, if any	<b>Particulars</b>	<b>FY 2021-22</b>	<b>FY 2020-21</b>
			<b>(No. of shares of Rs.2/- each)</b>	<b>(No. of shares of Rs.10/- each)</b>
		Foreign Institutional Investors	454814	-
		Non Resident Indians	2484081	592618
	Foreign Nationals	2197500	439500	

**II. Information about the appointee:**

**A. Shri Nitin Raichand Shah**

**(1) Background details**

Mr. Nitin R. Shah is a commerce graduate aged about 61 years is having rich experience of more than 37 years in textile business. He is one of the Promoters of the company. Presently, he looks after technical and product development function in the Company. He manages team of qualified technical persons.

**(2) Past remuneration**

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

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

The Whole-time Director shall be responsible for the management of the whole of the affairs of the company and to do all acts and things, which in the ordinary course of business, he considers necessary or proper in the interest of the company. Considering the above and having regard to age, qualifications, ability and experience and looking to the business requirement, the proposed remuneration is in the interest of the company.

**(4) Remuneration Proposed**

The Board of Directors of the company on the basis of recommendation of the Nomination and Remuneration Committee has proposed remuneration of Rs. 4,50,000 per month w.e.f. 01.10.2022 for a period of three years i.e. till 30.09.2025, subject to the approval of the Members.

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

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

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

The Company has paid remuneration to him and paid interest on unsecured loan as disclosed in Note no. 26 to the Financial Statements. Except this, the company has no other transactions or pecuniary relationship with Shri Nitin R. Shah. He is a brother of Shri Dhirajlal R. Shah and Mr. Arvind R. Shah, Directors of the company.

**B. Shri Arvind Raichand Shah**

**(1) Background details**

Shri Arvind R. Shah is a science graduate aged about 63 years having rich experience of more than 3 decades in textile business. He is one of the Promoters of the company. 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.

**(2) Past remuneration**

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

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

The Managing Director shall be responsible for the management of the whole of the affairs of the company and to do all acts and things, which in the ordinary course of business, he considers necessary or proper in the interest of the company. Considering the above and having regard to age, qualifications, ability and experience and looking to the business requirement, the proposed remuneration is in the interest of the company.

**(4) Remuneration Proposed**

The Board of Directors of the company on the basis of recommendation of the Nomination and Remuneration Committee has proposed remuneration of Rs. 4,50,000 per month w.e.f.

01.10.2022 for a period of three years i.e. till 30.09.2025, subject to the approval of the Members.

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

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

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

The Company has paid remuneration to him and paid interest on unsecured loan as disclosed in Note no. 26 to the Financial Statements. Except this, the company has no other transactions or pecuniary relationship with Shri Arvind R. Shah. He is a brother of Shri Dhirajlal R. Shah and Shri Nitin R. Shah, Directors of the Company.

**C. Shri Dhirajlal Raichand Shah**

**(1) Background details**

Mr. Dhirajlal R. Shah is a commerce graduate aged about 67 years is having rich experience of more than 38 years in textile business. He was Promoter-Director in the company since inception. He is associated with various business associations and has successfully represented various issues of the textile industry before government and other authorities from time to time.

**(2) Past remuneration**

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

**(3) Recognition or awards**

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

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

The Executive Chairman shall be responsible for the management of the whole of the affairs of the company and to do all acts and things, which in the ordinary course of business, he considers necessary or proper in the interest of the company. Considering the above and having regard to age, qualifications, ability and experience and looking to the business requirement, his proposed appointment as an Executive Chairman is in the interest of the company.

**(5) Remuneration Proposed**

The Board of Directors of the company on the basis of recommendation of the Nomination and Remuneration Committee has proposed remuneration of Rs. 4,50,000 per month w.e.f. 01.10.2022 for a period of three years i.e. till 30.09.2025, subject to the approval of the Members.

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

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

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

The Company has paid remuneration to him and paid interest on unsecured loan as disclosed in Note no. 26 to the Financial Statements. Except this, the company has no other transactions or pecuniary relationship with Shri Dhirajlal R. Shah. He is a brother of Shri Nitin R. Shah and Shri Arvind R. Shah, Directors of the Company.

**III. Other information**

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

The company being in the competitive and lesser margin segment of textile industry. Profitability

also remains susceptible to inherent commodity price fluctuation incidental risk associated in business.

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

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

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

The Company has projected increase in its turnover from Rs. 313.38 Crore for the financial year 2021-22 to Rs. 375.59 Crore for financial year 2022-23.

Your Directors expect to achieve net profit after tax of Rs. 6.98 Crore for financial year 2022-23 as compared to net profit of Rs. 3.18 Crore for financial year 2021-22. Though there is 20% growth estimated in the turnover as compared to the FY 2021-22, we estimated higher profit after tax is on account of change in sales mix. We propose to focus more on sale of higher contribution generating products and expect to achieve higher volume in those product categories and lesser volume in lower margin generating product categories due to which there will not be much rise in the overall turnover but profitability of the company will improve.

## ANNEXURE

<b>Name of Director</b>	<b>Shri Nitin Raichand Shah</b>	<b>Shri Arvind Raichand Shah</b>	<b>Shri Dhirajlal Raichand Shah</b>
<b>DIN</b>	00010487	00010483	00010480
<b>Date of Birth</b>	January 13, 1961	July 28, 1958	February 18, 1955
<b>Date of Appointment</b>	September 03, 2018	September 03, 2018	September 03, 2018
<b>Qualification</b>	Commerce Graduate	Science Graduate	Commerce Graduate
<b>Shareholding in the Company as on June 30,2022</b>	85,86,280 (9.61%) Equity shares of Rs.2/- each	35,35,900 (3.96%) Equity shares of Rs.2/-each	56,14,900 (6.29%) Equity shares of Rs.2/-each
<b>Directorship held in other listed companies</b>	NIL	NIL	NIL
<b>List of Listed Entity from which he has resigned as a Director in the past three years</b>	NIL	NIL	NIL
<b>Membership of Committees of board held in other listed companies</b>	NIL	NIL	NIL
<b>Disclosure of Relationships between Directors inter-se</b>	Brother of Shri Dhirajlal R. Shah and Arvind R. Shah, Directors of the Company	Brother of Shri Dhirajlal R. Shah and Nitin R. Shah, Directors of the Company	Brother of Shri Nitin R. Shah and Arvind R. Shah, Directors of the Company
<b>Number of Meetings of Board attended during the year</b>	Attended Five (5) Board Meetings out of Seven (7) Board Meetings held during the year.	Attended Seven (7) Board Meetings out of Seven (7) Board Meetings held during the year.	Attended Seven (7) Board Meetings out of Seven (7) Board Meetings held during the year.

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

Place : Surat  
 Date : 12.08.2022

**Hitesh K. Garmora**  
 Company Secretary

## Directors' Report

The Board of Director's present the Company's 14th Annual Report and the Company's audited financial statements for the financial year ended March 31, 2022.

Particulars	(₹ in Lakhs)	
	2021-22	2020-21
Total Income	31338.21	21486.39
Profit before Interest, Depreciation and Tax	2988.59	3360.87
Less : Interest	1430.61	1754.27
Depreciation	982.40	1110.60
Profit before exceptional items and Tax	575.58	(864.23)
Profit (loss) on sale of Assets/Investment	-	1360.23
Profit before Tax	575.58	496.00
Less : Provision for Current Taxation	209.37	169.35
Provision for Deferred Taxation	(0.81)	(18.69)
Excess/(Short) provision for taxation in earlier year	49.28	(1.73)
Net Profit	317.73	347.07
Add : Balance brought forward from previous year	2160.92	1831.87
Depreciation on Fixed Assets Revaluation	23.65	26.62
Amount available for Appropriation	2502.30	2205.56
Less: Dividend paid during the year	44.65	44.65
Balance Carried to Balance Sheet	2457.65	2160.92

### OPERATIONAL PERFORMANCE

During the year under review, your Company has achieved turnover of Rs.31338.21 lakh as against Rs.21486.39 lakh in the previous year approx. 45.85% higher as compared to previous financial year. Increase in the turnover is mainly due to improved capacity utilization as compared to last year. In previous FY 2020-21 first half of the year is adversely impacted on account of the lockdown imposed by the Government of India due to Covid-19 pandemic and restricted operational activities. Accordingly, operational and financial performance of the company for the year under review is not comparable with the previous year.

An Earnings before Interest, Depreciation and Tax (EBITDA), during the year under review was Rs.2988.59 lakh as compared to Rs.3360.87 lakh in the previous year. During the year under review, there was operational profit of Rs.575.58 as against loss of Rs.864.23 lakh for the previous year. Profit after tax for the financial year under review was Rs.317.73 lakh as against Rs.347.07 lakh for the previous year. During the previous FY 2020-21, there was Exceptional items include Profit on disposal of Land and Building under compulsory acquisition by Government of India for Vadodara - Mumbai Express Highway of Rs.1360.23 lakhs.

### DIVIDEND

The Board of Directors are pleased to recommend a dividend of Rs.0.06/- (i.e.3.00%) per equity share of Rs.2/- each on the paid-up equity share capital of company amounting to Rs.53.58 lakh. The dividend payment is subject to approval of members at the ensuing Annual General Meeting. The final dividend once approved by Shareholders will be paid within the stipulated time subject to deduction of tax at source.

### DEPOSITS

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

### SUB-DIVISION OF SHARES

The Board of Directors at their Meeting held on June 29, 2021 approved the sub-division of each Equity Shares of Rs. 10/- fully paid up into 5 Equity Shares of face value of Rs. 2/- each fully paid up. The same had been approved by the Members at the 13th Annual General Meeting (AGM) of the company held on September 30, 2021.

Equity Shares of the Company have been subdivided from face value of Rs. 10/- each to Rs. 2/- each from record date November 12, 2021.



## **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Pursuant to the provisions of section 152 of the Companies Act, 2013 and in accordance with provisions of Articles of Association of the Company, Shri Dhirajlal R. Shah (DIN 00010480), Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

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

- Shri Nitin R. Shah as a Whole Time Director of the Company for a further period of 3 years commencing from October 1, 2022.
- Shri Arvind Raichand Shah as a Managing Director of the Company for a further period of 3 years commencing from October 1, 2022.
- Shri Dhirajlal R. Shah as an Executive Chairman of the Company for a further period of 3 years commencing from October 1, 2022.

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

## **NOMINATION AND REMUNERATION POLICY:**

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

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

## **PARTICULARS OF EMPLOYEES**

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

A statement comprising the names of top 10 employees in terms of remuneration drawn in terms of Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as '**Annexure - 2**' and forms an integral part of this report. This Annexure-2 is not being sent along with this annual report to the members of the company considering the provisions of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. The aforesaid Annexure is also available for inspection by Members at the Registered Office of the Company, 21 days before and up to the date of the ensuing Annual General Meeting during the business hours on working days.

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

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

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

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

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

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

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

**SECRETARIAL AUDITORS:**

The Company has appointed Shri Bhairav H. Shukla, Practicing Company Secretary, (CP: 5820) Surat to conduct the Secretarial Audit of the Company as required by Section 204 of the Companies Act, 2013 and Rules made thereunder. The Company provided all assistance and facilities to the Secretarial Auditors for conducting their audit. Shri Bhairav H. Shukla, has also conducted the Annual Secretarial Compliance pursuant to SEBI Listing Regulations, 2015. The Secretarial Audit Report for the financial year ended 31st March, 2022 is annexed herewith as **'Annexure- 4'**. The report is self-explanatory and does not call for any further explanation / comments as required under Section 134(3)(f) of the Companies Act, 2013.

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

**STATUTORY AUDITORS AND AUDITOR'S REPORT**

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

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

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

**COST AUDITORS**

In terms of the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, the Board of Directors, on the recommendation of the Audit Committee, has appointed M/s. Kannaujiya & Co., Cost Accountants, Surat (Firm Registration No: 102990) as Cost Auditor of the Company, for the financial year ending 31st March 2023, on a remuneration as mentioned in the Notice convening the 14th Annual General Meeting for conducting the audit of the cost records maintained by the Company.

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

A resolution seeking Members' approval for remuneration payable to Cost Auditors forms part of the Notice of the 14th Annual General Meeting of the Company and same is recommended for your consideration.

Cost Audit Report for the year 31st March 2021 was filed with the Central Government, within the prescribed time limit AND The Cost Audit Report for the year ended on 31st March 2022, shall be filed within prescribed time after completion of Cost Audit by Cost Auditors.

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

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

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

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

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

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

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

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

#### **AUDIT COMMITTEE**

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

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

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

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

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

#### **BUSINESS RISK MANAGEMENT**

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

**ANNUAL RETURN:**

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

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

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

**RELATED PARTY TRANSACTIONS:**

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

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

**EVALUATION OF THE BOARD'S PERFORMANCE**

The Company has devised a Policy for performance evaluation of the Board, Committees and other individual Directors (including Independent Directors) which include criteria for performance evaluation of Non-executive Directors and Executive Directors. The exercise was carried

out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest etc.

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

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

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

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

**MATERIAL CHANGES AFFECTING THE COMPANY**

The Company has received a balance sum of Rs. 5.80 crores from National Highway Authorities of India towards additional compensation against the property (land area admeasuring 22619 sq. mtrs. and part of 1 constructed factory premises) earlier owned by the Company situated at land bearing Block no. 74, 75, 76 and 81 at Village: Karanj, Taluka: Mandvi, Dist.: Surat already acquired by the Government of India for Vadodara-Mumbai Express Highway in the Financial year 2020-21.

The Company exited as a partner (holding 19% share) from Shahlon Enterprises LLP, a related party w.e.f. 01.07.2022. At the request of Shahlon Enterprises LLP, its Banker the Surat People's Co-operative Bank Ltd., has agreed to release guarantee of the Company and one of the immovable properties of the Company provided as collateral security to the said Bank for the credit facilities availed by the said firm.

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

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

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

During the year under review, no complaints of sexual harassment were received by the committee.

**TRANSFER TO RESERVES**

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

**CORPORATE GOVERNANCE:**

A separate report on Corporate Governance pursuant to Regulation 34(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Part C of Schedule V thereof, along with a certificate from Shri Bhairav H. Shukla, Practicing Company Secretary, (CP: 5820) Surat confirming

compliance of the conditions of Corporate Governance are annexed to this Report as '**Annexure-5**'.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

**Acknowledgment**

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

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

**Place :** Surat

**Date :** 12.08.2022

**Dhirajlal. R. Shah**

Chairman

## ANNEXURE - 1

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

(i)	The Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2021-22	<b>Director's Name</b>	<b>Ratio to median remuneration</b>	
		1	Mr.Dhirajlal R. Shah	79 : 1
		2	Mr.Arvind R. Shah	79 : 1
		3	Mr. Nitin R. Shah	79 : 1
(ii)	The Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any in the financial year 2021-22 compared to 2020-21	<b>Director's/CFO/CEO/CS/ Manager name</b>	<b>% increase in remuneration</b>	
		1	Mr.Dhirajlal R. Shah	20.21%
		2	Mr. Arvind R. Shah	20.21%
		3	Mr. Nitin R. Shah	20.21%
		4	Mr. Satish Shah	16.00%
		5	Mr. Hitesh K. Garmora	22.18%
(iii)	Percentage increase in the median remuneration of employees in the financial year 2021-22 compared to 2020-21	-50.86%		
(iv)	Number of permanent employees on the rolls of the company	<b>As on 31.03.2022</b>	<b>As on 31.03.2021</b>	
		1399	1731	
(v)	average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	During 2021-22		
		Average increase in remuneration is 8.00% for Employees other than Managerial Personnel and 20.21% for Managerial Personnel. There is no exceptional increase in remuneration of key Managerial Personnel.		

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

## ANNEXURE - 3

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

### (A) Conservation of energy-

- (I) the steps taken or impact on conservation of energy;
- Maintaining power factor and accordingly obtained rebate from DGVCL of Rs.8,80,001/- during the year.
  - Further, following steps taken to save energy:
    - o Replaced 11 Nos. Waterjet Humidity motor (consuming 878 kwh per day) with New Exhaust Fan motor (consuming 275 kwh per day), which saves Rs. 1,29,360/- per month.
    - o Replaced 3 Nos. TFO Humidity motor (consuming 314 kwh per day) with New Exhaust Fan (consuming 80 kwh per day), which saves Rs. 49,842/- per month.
    - o ETP Aeration Tank 2 motor connect with 2 no. VFD - which saves 185 kwh per day i.e. Rs.39,960/- per month.
    - o In sizing unit, replaced 10 Nos. 2.2 kw of each exhaust fan motor (consuming 528 kwh per day) with 6 Nos. 1.5 kw of each new exhaust fan motor (consuming 216 kwh per day), which saves Rs. 70,200/- per month.
- (ii) the steps taken by the company for utilising alternate sources of energy;

- The Company is exploring potential of using alternate source of energy, which may be considered for implementation in future. The company has installed in past two 0.6MW, one 1.2MW and one 2.1MW windmills for captive generation of power.

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

### (B) Technology absorption-

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

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

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

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

Total Foreign Exchange used and earned.

Particulars	(₹ in Lakhs)	
	2021-22	2020-21
I) Foreign Exchange Earnings	<b>3367.27</b>	4110.83
II) Foreign Exchange Outgo:		
a) Raw Materials	<b>26.41</b>	-
b) Capital Goods	<b>1.91</b>	-
c) Consumables Stores	<b>24.51</b>	7.91
d) Export Commission	<b>85.44</b>	47.46

## ANNEXURE - 4

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

**For The Financial Year Ended on 31st March, 2022**

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

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022**

To,

The Members,

**SH AHLON SILK INDUSTRIES LIMITED**

**(CIN - L17120GJ2008PLC053464)**

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31st March, 2022**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2022**, according to the provisions of:

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

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there-under to the extent of Foreign Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **[Not applicable as the Company has not issued shares to the Employees during the financial year under review];**
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. **[Not applicable as the Company had not issued and listed any debt securities during the financial year under review];**



- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client. **[Not applicable as the company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;]**
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. **[Not applicable as the Company has not delisted / proposed to delist its equity shares from Stock Exchange during the financial year under review;]**
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. **[Not applicable as the Company has not bought back / proposed to buy-back any of its securities during the financial year under review;]**
- i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) Other laws specifically applicable to the Company namely –
1. Factories Act, 1948
  2. The Environment (Protection) Act, 1986
  3. Air (Prevention and Control of Pollution) Act, 1981
  4. Water (Prevention and Control of Pollution) Act, 1974
  5. Foreign Trade Regulation Act, 1992
- I have also examined compliances with the applicable clauses of the following:
- (i) Secretarial Standards pursuant to section 118(10) of the Act, issued by the Institute of Company Secretaries of India.
  - (ii) The Listing Agreement entered into by the company with the BSE Ltd.
- I report that, during the year under review, the company has complied with the provisions of the Acts, rules, regulations and guidelines, standards etc. mentioned above subject to the following observations:

Sr. No.	01.
Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Regulation 18(2)(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 The audit committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings.
Deviations	Audit Committee Meeting was held and conducted on 10.02.2021 and thereafter immediate next meeting was held and conducted on 29.06.2021
Observations/ Remarks	The gap between two consecutive meetings of the Audit Committee (10.02.2021 and 29.06.2021) exceeded 120 days.
Sr. No.	02.
Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Regulation 19(3A) The nomination and remuneration committee shall meet at least once in a year
Deviations	A meeting of Nomination and Remuneration committee of the Company was held and conveyed considering the year as a Financial Year.
Observations/ Remarks of the Practicing Company Secretary	Nomination and Remuneration committee meeting was held, conveyed and conducted on 26.03.2022 consider the year as a Financial Year.

Sr. No.	03.
Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Regulation 20(3A) The Stakeholders relationship committee shall meet at least once in a year.
Deviations	A meeting of Stakeholders relationship committee was held and conveyed considering the year as a Financial Year.
Observations/ Remarks of the Practising Company Secretary	Stakeholders relationship committee meeting was held, conveyed and conducted on 26.03.2022 consider the year as a Financial Year.

**I further report that-**

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

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

As per the Minutes of the meetings of the Board of Directors & the committee thereof duly recorded and signed by the Chairman the decision of the Board or Committee was

unanimous and there were no dissenting views on any matter.

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

I further report that during the audit period there were no specific events / actions having a major bearing on the Company's affairs.

**Bhairav H Shukla**

Practising Company Secretary

FCS -6212

COP No.- 5820

UDIN - F006212D000806473

**Place:** Surat

**Date:** 17.08.2022 Peer Review Certificate No.-1015/2020

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

**"ANNEXURE - A"  
FORM No. MR - 3  
SECRETARIAL AUDIT REPORT**

**For The Financial Year Ended on 31st March, 2022**

To,  
The Members,  
**SHAHLON SILK INDUSTRIES LIMITED**  
(CIN - L17120GJ2008PLC053464)  
91, G.I.D.C., Khatodara, B/H.: Sub-Jail,  
Ring Road Surat-395002,Gujarat, India.

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

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

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

**Bhairav H Shukla**

Practising Company Secretary

FCS -6212

COP No.- 5820

UDIN - F006212D000806473

**Place:** Surat

**Date:** 17.08.2022 Peer Review Certificate No.-1015/2020

## ANNEXURE - 5

### REPORT ON CORPORATE GOVERNANCE

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

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

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

#### 2. Board of Directors:

The Board of the Company is comprised of Executive and Non- Executive Directors including Independent Directors. As on 31st March, 2022, the composition of the Board is as under:

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

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

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

Directorships in other Listed Entities and the category of Directorship as on 31st March, 2022:

Name of the Director	Category	List and category of Directorship in other Listed Companies
MS. RICHA MANOJ GOYAL	Non-Executive Independent Director	Ami Organics Limited - Non-Executive - Independent Director

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

#### Board Meetings

During the year under review, 7 (Seven) Board Meetings were held, the dates being, 22nd April, 2021, 29th June,

2021, 13th August, 2021, 23rd September, 2021, 12th November, 2021, 21st December, 2021 and 14th February, 2022.

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

Name of the Director	Category	No. of Board Meetings attended during 2021-22		Whether attended AGM held on 30th Sep., 2021	No. of Directorship in listed entities including this company as on 31.3.2022		No. of Committee positions held in public limited companies* including this company	
		held	attended		Members	Chairman	Memberships	Chairmanships
Mr. Dhirajlal R. Shah (DIN: 00010480)	Executive Chairman / Promoter Director	7	7	YES	Nil	1	2	Nil
Mr. Arvind R. Shah (DIN: 00010483)	Managing Director/ Promoter Director	7	7	YES	1	Nil	1	Nil
Mr. Nitin R. Shah (DIN: 00010487)	Whole-time Director / Promoter Director	7	5	NO	1	Nil	Nil	Nil
Mr. Rajendra K. Desai (DIN: 00198139)	Non-Executive / Independent Director	7	7	YES	1	Nil	2	2
Ms. Richa M. Goyal (DIN: 00159889)	Non-Executive / Independent Women Director	7	7	NO	2	Nil	4	1
Mr. Vaibhav J. Mehta (DIN: 08484567)	Non-Executive / Independent Director	7	7	NO	1	Nil	Nil	Nil

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

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

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

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

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

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

### Independence of Directors

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

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

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

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

### 3. Audit Committee:

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

During the year under review, 4 Meetings of the Audit Committee were held, the dates being 29th June, 2021, 13th August, 2021, 12th November, 2021 & 14th February, 2022.

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

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

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

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

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

The composition, powers, role and terms of reference

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

During the year under review, 1 Meeting of the Nomination and Remuneration Committee was held on 26th March, 2022.

Composition of NRC Committee are as follows:

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

The broad terms of reference of the NRC includes:

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

#### **Performance Evaluation:**

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

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

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

#### **5. Stakeholder’s Relationship Committee:**

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

During the year under review, 1 Meeting of the Stakeholder’s Relationship Committee was held on 26th March, 2022.

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

Shareholders Complaints:

No. of shareholders’ complaints received during the year:	1
No. of complaints not resolved to the satisfaction of shareholders:	Nil
No. of pending complaints:	Nil



**6. Remuneration of Directors:**

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

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

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

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

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

(i) Details of remuneration paid to Executive Directors during the financial year 2021-22 are given below: -

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

Note:

The Agreements with the Executive Chairman, Managing Director and Whole-time Director are for a period of three years (01/10/19 to 30/09/2022). The Board of Directors at their meeting held on August 12, 2022 recommended for re-appointment of the Executive Chairman, Managing Director and Whole-time Director for a further period of three years i.e. with effect from October 1, 2022 to September 30, 2025.

(ii) Details of payments made to Non-Executive Directors during the year 2021-22 and the number of shares held by them are given below:

Name of Directors	Sitting Fees** (Rs. in Lakhs)	Total No. of Shares held in the Company as on 31st March, 2022
Mr. Rajendra K. Desai	1.40	7,335
Ms. Richa M. Goyal	1.30	-
Mr. Vaibhav J. Mehta	0.90	-

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

**7. General Body Meeting:**

a) **Location and time where last three Annual general Meetings (AGM) and National Company Law Tribunal (NCLT) Convened Meeting were held.**

**Annual general Meetings:**

<b>Date &amp; Time</b>	<b>Location</b>	<b>Special Resolutions Passed</b>
30.09.2021 at 11.00 A.M.	3rd Floor, Dawer Chambers, Nr. Sub-Jail, Ring Road, Surat	Nil
26.12.2020 at 11.00 A.M.	3rd Floor, Dawer Chambers, Nr. Sub-Jail, Ring Road, Surat	Nil
30.09.2019 at 11.00 A.M.	-----Do-----	(i) To appoint Shri Nitin R. Shah as a Whole-time Director. (ii) To appoint Shri Arvind R. Shah as a Managing Director. (iii) To appoint Shri Dhirajlal R. Shah as an Executive Chairman. (iv) To appoint Shri Jayantilal R. Shah as a 'Head -Accounts & Legal' to hold office or Place of Profit.

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

Last year no resolution was passed through postal ballot.

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

**8. Means of Communication:**

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

**(a) quarterly results;-**

Quarterly, half-yearly and yearly financial results of the Company are published as per the requirements of Regulation 33 & 47 of the SEBI Listing Regulations, 2015 in leading newspapers.

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

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

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

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

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

**9. General Shareholder Information:**

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

To be held on **Friday, 30th September, 2022,** 11:00 A.M.

through Video Conferencing (VC)/Other Audio Visual Means (OAVM) and the venue shall be deemed to be the Corporate Office of the Company at 3rd Floor Dawer Chamber, Nr. Sub-Jail, Ring Road, Surat - 395 002

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

**(c) Dividend payment Date:**

Dates of Book Closure are 17th September, 2022 to 30th September, 2022 (Both days inclusive). Dividend on Equity Shares will be made payable from **30th September, 2022** once approved. In respect of shares held in physical form, the dividend will be paid to such shareholders whose name appears in the Register of Members as on **Friday, 16th September, 2022**. In respect of shares held in electronic form, the dividend will be paid as per the beneficial ownership data made available to the Company by National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as of the close of business hours on **Friday, 16th September, 2022**.

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

Currently, the Company's equity shares are listed on BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai -400 001. Annual Listing Fees for the year 2022-23 have been paid to BSE Limited.

**(e) Stock Code:**

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

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

**(f) Market Price Data:**

The details of monthly highest and lowest closing quotations of the equity shares of the Company listed at the BSE Ltd. during the financial year 2021-2022 are as under:-

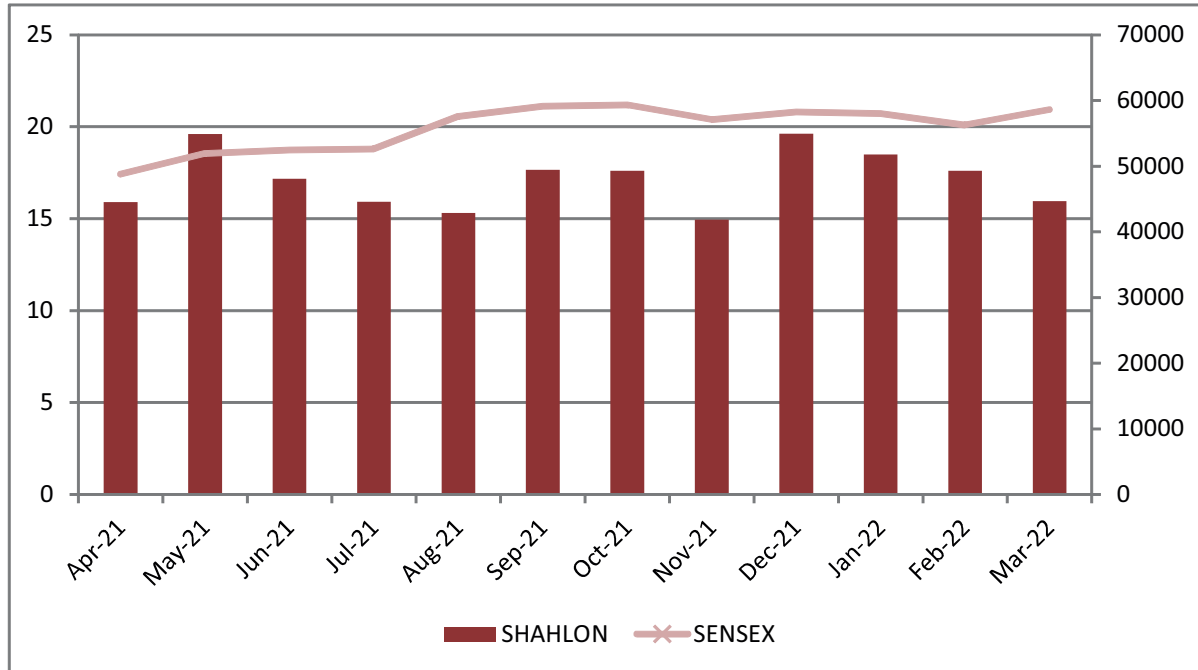
Month	High	Low
April'2021	79.60	59.85
May'2021	105.05	76.00
June'2021	102.90	77.00
July'2021	86.75	71.35
August'2021	84.90	59.45
September'2021	89.85	75.30
October'2021	91.95	75.80
November'2021	104.40	13.50*
December'2021	20.80*	14.11*
January'2022	23.00*	15.65*
February'2022	25.00*	17.10*
March'2022	19.00*	15.15*

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

\* The equity shares of the Company have been sub-divided from face value of Rs.10/- each to Rs.2/- each from record date 12/11/2021. Hence from November'2021 onwards the price was after sub-divisions of the equity shares of the Company.

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

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



[Closing Prices of Shahlon for the months April-21 to Oct-21 were divided by 5 to compare with closing prices from Nov-21 to Mar-22. Since the closing price from the month Nov-21 to Mar-22 was after sub-division of equity shares.]

**(h) Suspension from trading:**

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

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

BIGSHARE SERVICES PVT. LTD.

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

Tel No.: +91-79-40392571

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

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

**(j) Share Transfer System:**

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

**(k) Distribution of Shareholding:**
**Distribution of shareholding as on March 31, 2022:**

Shares Range	Number of shareholders	%	Total Shares for the Range	% of Issued Capital
Up to 500	2117	46.74	255696	0.29
501 – 1000	1315	29.03	850341	0.95
1001 – 2000	551	12.17	775334	0.87
2001 – 3000	123	2.72	309964	0.35
3001 – 4000	76	1.68	259923	0.29
4001 – 5000	49	1.08	229655	0.26
5001 – 10000	101	2.23	673272	0.75
10001 & above	197	4.35	85948265	96.24
<b>Total</b>	<b>4529</b>	<b>100.00</b>	<b>89302450</b>	<b>100.00</b>

**(l) Dematerialization of shares:**

98.65% of the outstanding Equity Shares have been dematerialised up to 31st March, 2022. All shares held by Promoters/Promoter Group of Companies have been dematerialised. Trading in Equity Shares of the Company on the stock exchanges is permitted only in dematerialized form.

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

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

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

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

The company is a Marketing agent of Reliance Industries Limited for yarn products and supplying yarn to various big players in the market. The company has established network for marketing of its products, wide spread customer base, good

market reputation and quality of the products, the company is in a position to pass on increase if any in cost to their customers. Based on market intelligence and continuous monitoring, the procurement team is advised on appropriate strategy to deal with such market volatility.

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

**(o) Plant Locations:**

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

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

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

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

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

**Contact**

M/s BIGSHARE SERVICES PVT. LTD.

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

Tel No.: +91-79-40392571

Email : bssahd@bigshareonline.com

Website : www.bigshareonline.com

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

**Contact**

The Company Secretary,

Shahlon Silk Industries Limited

3rd Floor, Dawer Chambers, Nr. Sub-Jail, Ring Road, Surat- 395 002.

Phone No.: (0261) 4190200

E-mail: companysecretary@cs.shahlon.com

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

	<b>credit ratings by CRISIL Limited vide its letter dated May 26, 2021</b>
Long-Term Rating :	'CRISIL BB+/Stable'
Short-Term Rating :	'CRISIL A4+'

CRISIL Limited vide its letter dated May 26, 2021, removed from Rating Watch with Developing Implications and reaffirmed the Ratings as 'CRISIL BB+/Stable' for Long Term facilities and 'CRISIL A4+' for short term bank facilities.

**10. Other Disclosures:**

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

the normal course of business, required to be placed before the audit committee and that may have potential conflict with the interest of the Company at large. All individual transactions with related parties or others were on an arm's length basis. Transactions with related parties as per requirements of IND AS 24 - 'Related Party Disclosures' are disclosed in Note 26 to the Financial Statements.

(b) The following is the details of non-compliance by the listed entity pointed out by Security and Exchange Board of India (SEBI) at the time of granting listing permission:

<b>Sr. No.</b>	01
<b>Actions taken by</b>	Security and Exchange Board of India (SEBI)
<b>Details of violation</b>	<p>The company has not completed the formalities for commencing trading within 60 days of receipt of Hon'ble NCLT order, thereby, leading to non-compliance with SEBI Circular dated November 30, 2015 read with Circular No. CFD / DIL3 / CIR / 2018 / 2 dated January 03, 2018.</p> <p>It was mentioned in the letter that the above-mentioned has been viewed seriously and the company was warned and advised to be careful in future.</p> <p>It was also advised to place the matter before the Board of Directors of the Company and also to bring to the notice of shareholders.</p>
<b>Details of action taken E.g. fines, warning letter, debarment, etc.</b>	Warning letter No. CFD / DILII / OW / 27159 / 2019 dated 15.10.2019 issued by the SEBI for the violation of the Circular, the details of which mentioned here-in-above.
<b>Observations/remarks of the Practicing Company Secretary, if any.</b>	<p>As directed by the SEBI, the letter was placed before the Board of Directors of the Company at their Board Meeting held on 24th October, 2019.</p> <p>The company has also placed the letter on its web-site <a href="http://www.shahlon.com">www.shahlon.com</a> (Investor Desk / Scheme of Arrangement) for bringing the notice to the shareholders of the Company.</p>

Except above there were no other instances of non-compliance on any matters related to the capital markets during last three years.

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

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

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

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

• **Unqualified Financial Statements**

There are no qualifications in the Auditor's Report on the accounts for the financial year 2021-22.

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

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

• **Reporting of Internal Auditor**

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

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

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

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

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

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

The Company has obtained a certificate OF NON-DISQUALIFICATION OF DIRECTORS [Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015] from Bhairav H. Shukla, Practicing Company Secretary, Membership no. F6212 and CP No. 5820, that none of the directors on the board of the company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority attached herewith as per 'Annexure - A'.

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

Any recommendations given by the committees of the Board are required to be placed before the Board. The Board has accepted all the recommendations by various committees of the Board during the financial year 31st March, 2022. There is no instance where the recommendation of any of the committee of the Board has not been accepted by the Board during the year.

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

Company has paid/to be paid aggregate fees of ₹ 7.15 lakhs to Statutory Auditors for all services.

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

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

No complaint under above said policy has been received during the financial year 2021-22.

**11. Non-Compliance**

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

**12. Discretionary Requirements**

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

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

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

**14. Declaration by Managing Director**

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

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

16. Mr. Arvind R. Shah, Managing Director and Mr. Satish H. Shah, Chief Financial Officer, have certified to the Board in accordance with Regulation 17(8) of SEBI (Listing Obligations and Disclosures) Regulations, pertaining to CEO/CFO certification for the financial year ended 31st March, 2022 is attached herewith as per 'Annexure - D'.

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

**Dhirajlal Raichand Shah**

Chairman

Place : Surat

Date : 12.08.2022

(DIN 00010480)



## ANNEXURE - A

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,

The Members,

**SHAHLON SILK INDUSTRIES LIMITED**

**CIN - L17120GJ2008PLC053464**

**REGISTERED OFFICE:** 91, G.I.D.C., Khatodara,

B/H.: Sub-Jail, Ring Road, Surat-395002, Gujarat, India.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **SHAHLON SILK INDUSTRIES LIMITED having CIN L17120GJ2008PLC053464** and having registered office at 91, G.I.D.C., Khatodara, B/H.: Sub-Jail, Ring Road, Surat-395002, Gujarat, India (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31st March 2022, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

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

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

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

Signature

**BHAIRAV H SHUKLA**

M.NO. F6212

CP NO. 5820

**UDIN F006212D000806594**

Peer Review Certificate No. 1015/2020

**Place :** Surat

**Date :** 17.08.2022

## ANNEXURE - B

### DECLARATION BY MANAGING DIRECTOR

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

To

The Board of Directors

Shahlon Silk Industries Limited

I, Arvind Raichand Shah, (DIN 00010483), Managing Director of Shahlon Silk Industries Limited, hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct as applicable to them, for the year ended 31st March, 2022.

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

Shahlon Silk Industries Limited

**Arvind Raichand Shah**

Managing Director

(DIN 00010483)

**Place :** Surat

**Date:** 30th May, 2022

## ANNEXURE - C

### PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

**To the Members of**

**SHAHLON SILK INDUSTRIES LIMITED**

**CIN:** L17120GJ2008PLC053464

**REGISTERED OFFICE:** 91, G.I.D.C., Khatodara,  
B/h. Sub-Jail, Ring Road, Surat-395002, Gujarat, India.

I have examined the compliance of the conditions of Corporate Governance by **SHAHLON SILK INDUSTRIES LIMITED [CIN-L17120GJ2008PLC053464]** ('the Company') for the year ended on **March 31, 2022**, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to the review of procedures

and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, and the representations made by the Directors and the Management I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2022 except the following Regulation-

Sr. No.	01.
Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Regulation 18(2)(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 The audit committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings.
Deviations	Audit Committee Meeting was held and conducted on 10.02.2021 and thereafter immediate next meeting was held and conducted on 29.06.2021
Observations/ Remarks	The gap between two consecutive meetings of the Audit Committee (10.02.2021 and 29.06.2021) exceeded 120 days.
Sr. No.	02.
Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Regulation 19(3A) The nomination and remuneration committee shall meet at least once in a year
Deviations	A meeting of Nomination and Remuneration committee of the Company was held and conveyed considering the year as a Financial Year.
Observations/ Remarks of the Practising Company Secretary	Nomination and Remuneration committee meeting was held, conveyed and conducted on 26.03.2022 consider the year as a Financial Year.

Sr. No.	03.
Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Regulation 20(3A) The Stakeholders relationship committee shall meet at least once in a year.
Deviations	A meeting of Stakeholders relationship committee was held and conveyed considering the year as a Financial Year.
Observations/ Remarks of the Practicing Company Secretary	Stakeholders relationship committee meeting was held, conveyed and conducted on 26.03.2022 consider the year as a Financial Year.

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

Signature

**BHAIRAV H SHUKLA**

M.NO. F6212

CP NO. 5820

**UDIN: F006212D000806550**

**Place :** Surat

**Date :** 17.08.2022

Peer Review Certificate No. 1015/2020

## ANNEXURE - D CEO'S/ CFO'S CERTIFICATE

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

### TO WHOM SO EVER IT MAY CONCERN

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

- a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2022 and that to the best of our knowledge and belief:
  - 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We are responsible for establishing and maintaining internal controls for financial reporting in the Company and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
  - 1) Significant changes in internal control over financial reporting during the year;
  - 2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - 3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
- e. We affirm that we have not denied any personnel access to the Audit Committee of the Company.
- f. We further declare that all Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year.

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

**Place :** Surat  
**Date:** 30/05/2022

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

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

## ANNEXURE - 6

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Global Economy:

The global economy recovered strongly in 2021 after decline in 2020 due to the pandemic. Global real GDP is estimated to have grown at 6.1% in 2021 compared to a decline of -3.1% in 2020. Emerging market GDP growth has overshadowed the growth witnessed before the Covid era and the growth has come roaring back for the advanced economies of the USA and Europe. Despite a recovery in output and trade, there has been few disruptions which have caused economic uncertainties in the short run in 2022. The pandemic is still not over and there is a renewed surge in COVID-19 cases in advanced economies. Moreover, the ongoing geopolitical conflict between Ukraine and Russia is also having a significant impact on global GDP growth prospects in 2022. Further the supply side disruptions and rising energy prices have resulted in higher inflation across countries.

The global economy is predicted to be weaker in 2022 than originally anticipated. The risk of new disruptive COVID variants has the potential to prolong the pandemic while also causing fresh economic impacts. Furthermore, supply chain disruptions, energy price volatility, and localized wage pressures all contribute to a high level of uncertainty about inflation and policy directions. Risks to the financial stability of debt-ridden emerging markets and developing nations' capital flows, currencies, and fiscal positions may emerge as mature economies raise policy rates. As a result of the economic uncertainties the world GDP is expected to grow at a slower rate of 3.6% in 2022 compared to 2021, as per IMF (International Monetary Fund).

#### Indian Economy:

India's GDP is at US\$ 3.17 trillion in 2021. India's economy has recovered significantly in 2021 with a growth of 8.9% in GDP compared to a decline of -6.6% in 2020 due to the pandemic. The Indian economy is further expected to grow at a sustained pace with the risk of pandemic reduced especially for domestic demand.

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

V-shaped economic recovery is due to mega vaccination drive, robust recovery in the services sector and growth in consumption and investment coupled with resurgence in

high frequency indicators such as power demand, rail freight, GST collection etc. Almost all emerging economies are reeling under these external shocks but India's underlying economic fundamentals are strong and despite the short-term headwinds, the impact on the long-term outlook will be marginal.

The results of growth-enhancing policies and schemes (such as production-linked incentives and government's push toward self-reliance) and increased infrastructure spending will start kicking in from 2023, leading to a stronger multiplier effect on jobs and income, higher productivity, and more efficiency—all leading to accelerated economic growth. Also, several spillover effects of geopolitical conflicts could enhance India's status as a preferred alternate investment destination. RBI estimates the GDP growth rate for FY 2022-23 at 7.2%.

Inflation has risen in 2021-22 driven by rise in prices of crude oil, food items, chemicals etc. The overall Wholesale Price Index (WPI) has increased to 13% in FY 2021-22 compared to FY 2020-21. Inflationary pressures have further intensified with the prolonging of Russia-Ukraine conflict with further rise in energy prices. The Wholesale Price Index (WPI) for textiles has been on a continuously rising trend after the 1st quarter of FY20. The WPI for textiles increased by 15% in FY 2021-22 compared to FY 2020-21.

#### Indian Textile Industry:

India's textile industry is one of the largest and most important sectors of the country's economy in terms of output, exports/foreign exchange earnings and employment. The textile industry has around 45 million of workers employed in the textiles sector, including 3.5 million handloom workers. The size of India's textile market stood at US\$ 223 billion in 2021, growing at a Compound Annual Growth Rate (CAGR) of 10.23% over 2016. The textiles and apparel industry contribute 2.3% to the country's GDP, 13% to industrial production and 12% to exports.

India ranks 2nd as the largest producer of textiles and garments and is the 5th largest exporter of textiles spanning apparel, home and technical products.

In September 2021, the government approved a Rs. 10,683 crore (US\$ 1.44 billion) production-linked incentive (PLI) scheme for the textiles sector. This will benefit the textile manufacturers registered in India. Incentives under the scheme will be available for five years from 2025-26 to

2029-30 on incremental turnover achieved from 2024-25 to 2028-29. The scheme proposes to incentivise MMF (man-made fibre) apparel, MMF fabrics and 10 segments of technical textiles products. Competitive advantage, robust demand, favourable government policies, increasing investments and urbanization are expected to be the key drivers for revival of the industry.

**Opportunities, Threats, Risk and concerns:**

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

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

Uncertainty prevailing in the world due to Russia-Ukraine war, USA-China Geopolitical tension and possibilities of another COVID waves which can affect the supply chain across the world and materially affect the prices of yarn and other inputs used in process of manufacturing.

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

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

**Internal Control System and their adequacy:**

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

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

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

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

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

**Financial Performance:**

The brief summary of financial statement is reproduced hereunder:

(₹ in Lakhs)

Particulars	FY2021-22	FY2020-21
Revenue from operation	31,304.43	21,441.69
Other Income	33.78	44.70
<b>Total Revenue</b>	<b>31,338.21</b>	<b>21,486.39</b>
Profit (loss) on sale of Assets/Investment	-	1,360.23
EBITDA	2,988.59	3,360.87
Operational EBITDA	2,988.59	2,000.64
PBT	575.57	496.00
PAT	317.73	347.07

During the year under review, your Company has achieved turnover of Rs.31338.21 lakh as against Rs.21486.39 lakh in the previous year approx. 45.85% higher as compared to previous financial year. Increase in the turnover is mainly due to improved capacity utilization as compared to last year. In previous FY 2020-21 first half of the year is adversely impacted on account of the lockdown imposed by the Government of India due to Covid-19 pandemic and restricted operational activities. Accordingly, operational and financial performance of the company for the year under review is not comparable with the previous year.

An Earnings before Interest, Depreciation and Tax (EBITDA), during the year under review was Rs.2988.59 lakh as compared to Rs.3360.87 lakh in the previous year. During the year under review, there was operational profit of Rs.575.58 as against loss of Rs.864.23 lakh for the previous year. Profit after tax for the financial year under review was Rs.317.73 lakh as against Rs.347.07 lakh for the previous year. During the previous FY 2020-21, there was Exceptional items include Profit on disposal of Land and Building under compulsory acquisition by Government of India for Vadodara - Mumbai Express Highway of Rs.1360.23 lakhs.

**Outlook:**

The Company expects the turnaround to sustain, accompanied by a reduction in fixed costs derived from outsourcing, cash conservation and non-core asset monetization. However the Company continues to closely monitor impending problems due to factors like inflation,

and geopolitical risks, which could affect the business. The health and safety of employees, customers, suppliers and communities remain a priority. The Company is optimistic for revenue and margins growth in the medium term, strengthening business sustainability.

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

**Human Resource Development/Industrial Relations:**

The industrial relations scenario continued to be largely positive across the manufacturing locations. Significant emphasis was also laid towards raising awareness on health and wellness of employees through annual medical check-ups and health awareness activities. Most of the staff including labours are fully vaccinated with booster dose in the Company.

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



**Key Financial Ratios:**

Particulars	FY 2021-22	FY 2020-21
Debtors Turnover**	108	157
Inventory Turnover*	114	143
Interest Coverage Ratio	1.40	1.28
Current Ratio	1.46	1.21
Debt Equity Ratio	1.54	1.65
Operating Profit Margin (%)	6.40%	4.14%
Net Profit Margin (%) ***	1.01%	1.62%
details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof	3.52%	3.99%

\* Improvement in the turnover and lower inventory holding as compared to previous year resulted in improved inventory turnover ratio

\*\* Improvement in the liquidity in market provided better realisation of debtors which improved the receivable turnover ratio

\*\*\* Net Profit of the last included exception gains and there are no exceptional gains during the year hence the ratio is lower in current year as compared to last year

**Forward Looking Statement – Cautionary Statement:**

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

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

## INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF SHAHLON SILK INDUSTRIES LIMITED,**

### **Report on the Audit of the Financial Statements**

#### **Opinion:**

We have audited the accompanying Financial Statements of **SHAHLON SILK INDUSTRIES LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), 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 "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards 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, 2022 and its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion:**

We conducted our audit of the 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 thereunder, 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 Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In the audit of the current period, we do not have observed any key audit matters required to be reported separately.

#### **Information Other than the 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 Financial Statements and our auditor's report thereon.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained 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 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's Responsibility for the Audit of the Financial Statements:**

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical

requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements:**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. **(A) 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 balance sheet, the statement of Profit and Loss including Other Comprehensive Income, the statement of Changes in Equity and the statement of Cash Flow dealt with by this Report are in agreement with the books of accounts.
  - d) In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Indian Accounting Standards) Rules, 2015, as amended.

- e) On the basis of written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, from being appointed as a director in terms of section 164(2) of the Act.

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";

**(B) 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:**

- a) The Financial Statements disclose the impact of pending litigations as at March 31, 2022 on the financial position of the Company.
- b) 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.
- c) There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the company.
- d) The Board of Directors at their Meeting held on June 29, 2021 approved the sub-division of each Equity Shares of Rs. 10/- fully paid up into 5 Equity Shares of face value of Rs. 2/- each fully paid up. The same had been approved by the Members at the Annual General Meeting (AGM) held on September 30, 2021. Equity Shares of the Company have been subdivided from face value of Rs. 10/- each to Rs. 2/- each from record date November 12, 2021.

Accordingly, Equity Shares and Earning Per Share (EPS) have been adjusted for share split in accordance with IND AS 33 'Earning Per Share' for preceding previous year also

- e) (i). The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (ii). The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (iii). Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has been caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided in (i) and (ii) above, contain any material misstatement.
- f) The dividend declared and paid during the year by the company is in compliance with section 123 of the Companies Act, 2013.
- (C) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:**
- In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act

**For, Rasesh Shah & Associates**

Chartered Accountants

Firm Reg. No.: 0108671W

**(Rasesh B. Shah)**

Partner

**Place :** Surat

Membership No.: 034217

**Date :** 30th May, 2022

UDIN : 22034217ALIVNW3149

## 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, 2022, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-to-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) According to information and explanations given to us, Property, Plant and Equipment and relevant details of right-to-use 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) According to information and explanations given to us, the title in respect of self-constructed buildings and title deeds of all other immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.
- (d) According to the information and explanations given to us, the company has not revalued any of its Property, Plant and Equipment (including right-to-use assets) and intangible assets during the year.
- (e) According to the information and explanations given to us, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) According to information and explanations given to us, the management of the Company has conducted physical verification at reasonable intervals of inventories during the period and the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to nature and size of the Company and no discrepancies of 10% or more in the aggregate for each class of inventory have been noticed during such verification.
- (b) During the year under consideration, the company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets; and the quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company.
- (iii) In our opinion and according to the information and explanation given to us, during the year the Company has not made any fresh investment in the companies, firms, LLPs or any other parties during the year under consideration. However, the company has granted advances in the nature of loans, secured or unsecured, during the year.
- (a) according to the information and explanation given to us, the company has provided loans as follows:

(₹ in Lakhs)

Particulars	Aggregate amount during the year ended 31st March, 2022	Balance outstanding as at the Balance sheet date - 31st March, 2022
Subsidiaries	-	-
Others (Loans to Staff)	11.91	6.71

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the terms and conditions of the grant of secured or unsecured loans are, prima facie, not prejudicial to the interest of the company.
- (c) According to the information and explanations given to us, in the case of secured or unsecured loans given, the repayment of principal and payment of interest has not been stipulated. We are therefore, unable to make specific comments on the regularity of repayment of principal and payment of interest.
- (d) According to the information and explanations given to us, there is no overdue amount for more than ninety days in respect of secured or unsecured loans given.
- (e) According to the information and explanations given to us, there is no loan granted which has fallen due during the year, which has been renewed or extended or fresh loans granted to settle the over dues of existing loans given to same parties.
- (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 or amounts which are deemed to be deposits during the year and does not have any unclaimed deposits as at March 31, 2022 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 paragraph (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 made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company is regular in depositing undisputed statutory dues including Goods and Service Tax, 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. And no undisputed amounts payable in respect of said statutory dues were in arrears as at 31st March, 2022 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, dues of Income Tax, Customs and Excise Duty have not been deposited as at March 31, 2022 on account of any dispute are given below:

<b>Nature of Dues</b>	<b>Period to which dispute relates</b>	<b>Forum where dispute is pending</b>	<b>Amount under dispute</b>
Excise Duty	AY 2017-18	Central Excise & Service Tax Appellate Tribunal	33.32 Lakhs
Excise Duty	AY 2018-19	Central Excise & Service Tax Appellate Tribunal	9.61 Lakhs
Customs	AY 2015-16	Commissioner of Customs (Appeal)	2.58 Lakhs
Income Tax	AY 2012-13	Commissioner of Income Tax (Appeals)	23.59 Lakhs
Income Tax	AY 2020-21	Commissioner of Income Tax (Appeals)	116.51 Lakhs

- (viii) There were no transaction relating to previously unrecorded income that have been surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) The Company has not defaulted in repayment of any loans or borrowings or in the payment of interest thereon to any lenders during the year.
- (b) According to the information and explanations given to us, the company not been declared wilful defaulter by any bank or financial institution or other lender.
- (c) In our opinion and according to the information and explanations given to us, term loans were applied for the purpose for which the loans were obtained.
- (d) In our opinion and according to the information and explanations given to us, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the company.
- (e) According to the information and explanations given to us, the company has not taken any funds from any entity or person on account of or to meet the obligation of its subsidiaries, associates or joint ventures.
- (f) In our opinion and according to the information and explanations given to us, the company has not raised loans during the year on the pledge of the securities held in its subsidiaries, joint ventures or associate companies.
- (x) (a) The Company did not raise any money by way of Initial Public Offer (IPO) or Further Public Offer (FPO) (including debt instruments) during the year. Accordingly, paragraph (x)(a) of Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partially or optionally convertible) and hence reporting under paragraph (x)(b) of order is not applicable.
- (xi) (a) According to the information and explanation given to us, no fraud by the Company or on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in the Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) According to the information and explanation given to us, no whistle blower complaints have been received during the year by the company.
- (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 3(xii) of the order is not applicable.
- (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 (AS).
- (xiv) (a) According to the information and explanations given to us, the Company has an adequate internal audit system commensurate with the size and nature of the business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (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: the Company has not conducted any Non-banking Financial or Housing Finance activities during the year; the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting under paragraph (xvi)(a) to (xvi)(d) of the order is not applicable.



(xvii) The Company has not incurred cash losses during the financial year covered under by our audit and immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumption, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts upto the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling within the period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) The company does not fall under the purview of Section 135 of the Companies Act, 2013 and accordingly, reporting under paragraph (xx)(a) to (xx)(b) of the order is not applicable.

(xxi) The reporting under paragraph (xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

**For, Rasesh Shah & Associates**

Chartered Accountants

Firm Reg. No.: : 0108671W

**(Rasesh B. Shah)**

Partner

**Place :** Surat

**Date :** 30th May, 2022

Membership No.: 034217

UDIN : 22034217ALIVNW3149

## Annexure – B to the Independent Auditor’s 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”)**

### Opinion

We have audited the internal financial controls over financial reporting of **SHAHLON SILK INDUSTRIES LIMITED** (“the Company”) as of March 31, 2022 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

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, 2022 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.

### 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.

### 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.

**For, Rasesh Shah & Associates**

Chartered Accountants

Firm Reg. No.: 0108671W

**(Rasesh B. Shah)**

Partner

**Place :** Surat

**Date :** 30th May, 2022

Membership No.: 034217

UDIN : 22034217ALIVNW3149

**BALANCE SHEET**  
**AS AT 31ST MARCH, 2022**

(₹ in Lakhs)

PARTICULARS	Note No.	As at March 31,2022	As at March 31,2021
<b>I. ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Property, Plant and Equipment	1	9,109.02	9,741.86
(b) Capital Work in Progress	1	160.10	417.73
(c) Intangible Assets	1	18.85	24.44
(d) Intangible Assets under Development	1	-	-
(e) Financial Assets			
(i) Investments	2	84.98	84.98
(ii) Other Financial Assets	3	263.18	152.10
(f) Other Non-Current Assets	4	826.57	810.53
<b>Total Non-Current Assets</b>		<b>10,462.70</b>	<b>11,231.63</b>
<b>(2) CURRENT ASSETS</b>			
(a) Inventories	5	7,033.05	5,844.95
(b) Financial Assets			
(i) Trade Receivables	6	9,514.85	9,613.74
(ii) Cash & Cash Equivalents	7	23.94	19.31
(iii) Bank Balance other than (ii) above	8	151.69	139.49
(iv) Loans		-	-
(v) Other Financial Assets		-	-
(c) Current Tax Assets (Net)		-	-
(d) Other Current Assets	9	640.50	808.51
<b>Total Current Assets</b>		<b>17,364.03</b>	<b>16,425.99</b>
<b>TOTAL ASSETS</b>		<b>27,826.73</b>	<b>27,657.62</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) EQUITY</b>			
(a) Equity Share Capital	10	1,786.05	1,786.05
(b) Other Equity		7,723.08	7,418.33
<b>Total Equity</b>		<b>9,509.13</b>	<b>9,204.38</b>
<b>LIABILITIES</b>			
<b>(2) NON-CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	11	6,083.37	4,524.91
(ii) Other Financial Liabilities		-	-
(b) Provisions		-	-
(c) Deferred Tax Liabilities (Net)	12	137.99	138.80
(d) Other Non Current Liabilities	13	184.47	191.07
<b>Total Non-Current Liabilities</b>		<b>6,405.84</b>	<b>4,854.78</b>

(₹ in Lakhs)

PARTICULARS	Note No.	As at March 31,2022	As at March 31,2021
<b>(3) CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	14	7,163.86	9,336.19
(ii) Trade Payables	15		
- Micro and Small Enterprises		336.54	311.62
- Others		2,342.52	1,944.13
(iii) Other Financial Liabilities		-	-
(b) Other Current Liabilities	16	1,910.61	1,855.93
(c) Provisions		-	-
(d) Current Tax Liabilities (Net)		158.24	150.60
<b>Total Current Liabilities</b>		<b>11,911.77</b>	<b>13,598.47</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>27,826.73</b>	<b>27,657.62</b>

**Notes to Accounts & Significant Accounting Policies**

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

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

**CA Rasesh B. Shah**  
**Partner**  
M.NO. : 034217  
Place : Surat  
Date : 30.05.2022

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

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

**Hitesh K. Garmora**  
Company Secretary

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

**Satish H. Shah**  
Chief Financial Officer

## STATEMENT OF PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in Lakhs)

PARTICULARS	Note No.	2021-22	2020-21
<b>INCOME</b>			
I. Revenue From Operation	17	31,304.43	21,441.69
II. Other Income	17	33.78	44.70
III. <b>Total Income (I+II)</b>		<b>31,338.21</b>	<b>21,486.39</b>
<b>IV. EXPENSES</b>			
Cost of Materials Consumed	18	13,081.48	10,949.96
Purchase of Stock-in-trade		9,610.23	3,923.73
Change in Inventories of Finished Goods, Stock-in-trade & Work-in-progress	19	(978.18)	(645.62)
Employee Benefits Expenses	20	2,912.07	1,754.27
Finance Costs	21	1,430.61	1,110.60
Depreciation and Amortisation Expense	22	982.40	3,127.15
Other Expenses	23	3,724.03	
<b>Total Expenses (IV)</b>		<b>30,762.63</b>	<b>22,350.61</b>
V. Profit before Exceptional Items and Tax (III-IV)		575.58	(864.23)
<b>VI. Exceptional Items</b>			
Profit/(Loss) on sale of Assets / Investment		-	1,360.23
VIII. Profit Before Tax (V-VI)		575.58	496.00
<b>Tax Expenses</b>			
Current Tax		209.37	169.35
Excess provision/shortfall for taxation		49.28	(1.73)
Deferred Tax		(0.81)	(18.69)
IX. Profit for the Year (VII-VIII)		317.73	347.07
<b>X. Other Comprehensive Income</b>			
<b>(I) Items that will not be reclassified to profit or loss</b>			
Actuarial (loss)/gain on defined benefit obligation		31.67	(111.25)
<b>Total Other Comprehensive Income for the year (X)</b>		<b>31.67</b>	<b>(111.25)</b>
XI. Total Comprehensive Income for the year (IX+X)		349.40	235.82
<b>XII. Earnings Per Equity Share :</b>			
(I) Basic	24	0.36	0.39
(ii) Diluted		0.36	0.39

### Notes to Accounts & Significant Accounting Policies

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

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

**CA Rasesh B. Shah**  
**Partner**  
M.NO. : 034217  
Place : Surat  
Date : 30.05.2022

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

**Dhirajlal R. Shah**  
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**Hitesh K. Garmora**  
Company Secretary

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

**Satish H. Shah**  
Chief Financial Officer

## CASH FLOW STATEMENT ANNEXED TO THE FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2022

PARTICULARS	2021-2022 (₹ in Lakhs)	2020-2021 (₹ in Lakhs)
<b>(A) Cash Flow from Operating Activities :</b>		
Net profit before Tax and Extraordinary Items	607.24	(975.48)
<u>Adjusted For :</u>		
Depreciation	982.40	1,110.60
Interest Paid	1,430.61	1,754.27
Proportionate Capital Subsidy on Plant Machinery	(6.59)	(6.59)
Extra ordinary item ((Profit)/loss on sale of assets)	(34.04)	(9.98)
Operating Profit before Working Capital Charges	2,979.62	1,872.82
<u>Adjusted For :</u>		
Trade and other receivables	266.89	824.47
Inventories	(1,188.09)	(635.60)
Trade payables & Provisions	442.25	(1,559.81)
Cash Generated From Operations	2,500.67	501.87
Interest Paid on operations	(1,147.93)	(1,263.47)
Cash flow before Extraordinary items	1,352.74	(761.59)
Short Provision for taxation ( Earlier Year )	(49.28)	1.73
Current tax	(209.37)	(169.35)
Net Cash from Operating Activities	1,094.09	(929.21)
<b>(B) Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(142.01)	(260.22)
Sales of Fixed Assets	89.71	1,885.08
(Purchase) / Sales of Investments	-	(2.53)
Long Term Advances	(94.94)	32.24
Net Cash used in Investing Activities	(147.23)	1,654.57
<b>(C) Cash Flow from Financing Activities</b>		
Repayment of Finance / Lease / Loan (Net)	1,601.84	(61.40)
Short Term Loan	(2,172.33)	(101.22)
Interest Paid on Term Loan	(282.67)	(490.80)
Dividend Paid including Dividend Distribution Tax	(44.65)	(44.65)
Net Cash used in Financial Activities	(897.82)	(698.07)

<b>PARTICULARS</b>	<b>2021-2022 (₹ in Lakhs)</b>	<b>2020-2021 (₹ in Lakhs)</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A)+(B)+(C)</b>	<b>49.03</b>	27.29
<b>Opening Cash and Cash Equivalents</b>	<b>240.29</b>	213.01
<b>Closing Cash and Cash Equivalents</b>	<b>289.32</b>	240.29

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

**CA Rasesh B. Shah**  
**Partner**  
 M.NO. : 034217  
 Place : Surat  
 Date : 30.05.2021

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

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

**Hitesh K. Garmora**  
 Company Secretary

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

**Satish H. Shah**  
 Chief Financial Officer



## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31ST MARCH, 2022

**A. EQUITY SHARE CAPITAL**

As at 31.03.2022

(₹ in Lakhs)

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

As at 31.03.2021

(₹ in Lakhs)

Balance at the beginning of the reporting period i.e. 1st April 2020	Changes in equity share capital during the year 2020-21	Balance at the end of the reporting period 31st March 2021
1786.05	-	1786.05

**B. OTHER EQUITY**

(₹ in Lakhs)

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

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in Lakhs)

	Reserve and Surplus		Capital Reserve on Amalgamation	Revaluation Surplus	Other Comprehensive Income	Total
	Securities Premium Reserve	Retained Earnings				
<b>Balance as at 01.04.2020</b>	<b>310.86</b>	<b>1,831.87</b>	<b>4,421.69</b>	<b>537.56</b>	<b>125.18</b>	<b>7,227.16</b>
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-
Total Comprehensive Income for the year	-	347.07	-	-	-	<b>347.07</b>
Dividends	-	(44.65)	-	-	-	<b>(44.65)</b>
Tax on Dividends	-	-	-	-	-	-
Transfer to retained earnings	-	26.62	-	(26.62)	-	-
On Issue of Bonus Share	-	-	-	-	-	-
Transferred to issued capital	-	-	-	-	-	-
Movement in OCI during the year	-	-	-	-	(111.25)	<b>(111.25)</b>
<b>Balance at the end of the reporting period 31.03.2021</b>	<b>310.86</b>	<b>2,160.92</b>	<b>4,421.69</b>	<b>510.94</b>	<b>13.92</b>	<b>7,418.33</b>

#### Notes to Accounts & Significant Accounting Policies

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

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

**CA Rasesh B. Shah**  
**Partner**  
 M.NO. : 034217  
 Place : Surat  
 Date : 30.05.2022

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

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

**Hitesh K. Garmora**  
 Company Secretary

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

**Satish H. Shah**  
 Chief Financial Officer

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

(₹ in Lakhs)

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

**CAPITAL WORK IN PROGRESS : AGEING**

(₹ in Lakhs)

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

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

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

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

**NOTES TO AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021**
**1. PROPERTY, PLANT & EQUIPMENT**

(₹ in Lakhs)

SR. NO.	PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK			
		As at 01.04.2020	Addition	Disposals	As at 31.03.2021	Upto 31.03.2020	For the Period	Deduct	Upto 31.03.2021	As At 31.03.2021	As At 31.03.2020
	<b>TANGIBLE ASSETS:-</b>										
1	LEASE-HOLD LAND [Value of the land is represented in the form of shares allotted by the Lessor in consideration of the lease rights given to the Lessee]	-	-	-	-	-	-	-	-	-	-
2	Land	2,106.23	-	414.72	1,691.51	-	-	-	-	1,691.51	2,106.23
3	Lease Hold Land Apparel Park (SEZ)	1,085.69	-	-	1,085.69	-	-	-	-	1,085.69	1,085.69
4	Building	4,381.77	2.13	85.87	4,298.02	2,139.24	257.14	35.38	2,360.99	1,937.03	2,242.53
5	Plant & Machinery	11,366.25	265.13	160.56	11,470.82	6,988.13	644.72	110.74	7,522.11	3,948.71	4,378.13
6	Wind Mill	2,412.31	-	-	2,412.31	1,356.35	142.76	-	1,499.11	913.20	1,055.95
7	Natural Gas Based Handset	2.82	-	-	2.82	2.13	-	-	2.13	0.70	0.70
8	Waste Heat Recovery	1.36	-	-	1.36	1.31	-	-	1.31	0.05	0.05
9	Office Equipment	201.56	1.81	1.49	201.88	173.92	9.59	1.34	182.17	19.71	27.64
10	Computer	232.83	3.94	-	236.78	214.80	7.77	-	222.57	14.21	18.03
11	Vehicles	362.68	-	25.29	337.38	228.22	33.33	22.65	238.90	98.48	134.46
12	Furniture & Fixtures	119.55	0.10	-	119.65	102.62	3.79	-	106.40	13.25	16.93
13	Beam Pipe	131.17	1.10	2.43	129.85	108.43	4.50	2.42	110.51	19.34	22.74
	<b>SUB-TOTAL (A):-</b>	<b>22,404.22</b>	<b>274.21</b>	<b>690.36</b>	<b>21,988.07</b>	<b>11,315.15</b>	<b>1,103.59</b>	<b>172.53</b>	<b>12,246.21</b>	<b>9,741.86</b>	<b>11,089.08</b>
1	<b>INTANGIBLE ASSETS:-</b>										
	Computer (Intangible)	92.96	0.46	-	93.42	61.98	7.01	-	68.98	24.44	30.99
	<b>SUB-TOTAL (B):-</b>	<b>92.96</b>	<b>0.46</b>	<b>-</b>	<b>93.42</b>	<b>61.98</b>	<b>7.01</b>	<b>-</b>	<b>68.98</b>	<b>24.44</b>	<b>30.99</b>
	<b>GRAND TOTAL (A+B):-</b>	<b>22,497.19</b>	<b>274.67</b>	<b>690.36</b>	<b>22,081.49</b>	<b>11,377.12</b>	<b>1,110.60</b>	<b>172.53</b>	<b>12,315.19</b>	<b>9,766.30</b>	<b>11,120.06</b>
	Last Year Detail (₹ in lakhs)	22,161.70	505.37	169.88	22,497.19	10,185.17	1,317.36	125.41	11,377.12	11,120.06	11,976.54

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in Lakhs)

PARTICULARS	As at March 31,2022	As at March 31,2021
<b>2 NON CURRENT INVESTMENTS</b>		
31500 (31500) Shares of Fairdeal Eco Infra Pvt. Ltd.	3.15	3.15
64830 (64830) Shares of The Cosmos Co-Op. Bank Ltd.	79.93	79.93
Capital Contribution of Shahlon Enterprises LLP	1.90	1.90
<b>TOTAL</b>	<b>84.98</b>	<b>84.98</b>

PARTICULARS	As at March 31,2022	As at March 31,2021
<b>3 OTHER FINANCIAL ASSETS</b>		
Bank Deposits with more than 12 months maturity	113.69	81.50
Agency Deposits	149.49	70.60
<b>TOTAL</b>	<b>263.18</b>	<b>152.10</b>

PARTICULARS	As at March 31,2022	As at March 31,2021
<b>4 OTHER NON CURRENT ASSETS (Unsecured and Considered Good)</b>		
Keyman Insurance Premium	211.11	205.99
779797 (779797) Shares of Fairdeal Textile Park Pvt. Ltd. (Refer Note 1.3)	380.49	380.49
107000 (107000) Shares of Shahlon Textile Park Pvt.Ltd.	10.70	10.70
Utility Deposits	224.27	213.34
<b>TOTAL</b>	<b>826.57</b>	<b>810.53</b>

PARTICULARS	As at March 31,2022	As at March 31,2021
<b>5 INVENTORIES</b>		
Raw Materials	1,359.89	1,156.03
Work-in-progress	195.92	178.21
Finished Goods	3,116.12	3,001.37
Stock- in-trade	2,055.45	1,209.73
Consumable Stores etc.	305.66	299.61
<b>TOTAL</b>	<b>7,033.05</b>	<b>5,844.95</b>

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in Lakhs)

PARTICULARS	As at March 31,2022	As at March 31,2021
<b>6 TRADE RECEIVABLES (Unsecured and Considered Good)</b>		
Trade Receivables - Considered Good	9,514.85	9,613.74
Trade receivables - credit impaired	38.67	77.62
Expected credit loss allowance	(38.67)	(77.62)
<b>TOTAL</b>	<b>9,514.85</b>	<b>9,613.74</b>

#### 6.1 Trade Receivables Ageing Schedule

(₹ in Lakhs)

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

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in Lakhs)

Particulars	Outstanding for following period from Due date of Payment As at 31st March'2021					Total
	Less than 6 Months	6 Months to Year	1-2 year	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	7,958.44	73.76	225.71	189.24	1,166.59	<b>9,613.74</b>
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	<b>77.62</b>
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>TOTAL</b>	<b>7,958.44</b>	<b>73.76</b>	<b>225.71</b>	<b>189.24</b>	<b>1,166.59</b>	<b>9,691.35</b>
Less : Allowances for Bad and Doubt Ful debts						<b>77.62</b>
<b>TOTAL TRADE RECIVABLE</b>						<b>9,613.74</b>

**Note: Expected credit loss (ECL):**

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

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



## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

PARTICULARS	As at March 31,2022	As at March 31,2021
<b>Movement in the expected credit loss allowance</b>		
Balance at the beginning of the year	77.62	63.69
Add : Allowances for Expected credit loss during the year	153.85	135.23
Less: Bad debts written off during the year	192.80	121.30
Balance at the end of the year	38.67	77.62

PARTICULARS	As at March 31,2022	As at March 31,2021
<b>7 CASH AND CASH EQUIVALENTS</b>		
a) Balance with Banks in Current Accounts	0.17	2.51
b) Balance with Banks in Unpaid Dividend Accounts	9.38	10.79
c) Cash in Hand	14.39	6.01
<b>TOTAL</b>	<b>23.94</b>	<b>19.31</b>

PARTICULARS	As at March 31,2022	As at March 31,2021
<b>8 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS</b>		
Fixed Deposit with scheduled Bank	151.69	139.49
<b>TOTAL</b>	<b>151.69</b>	<b>139.49</b>

PARTICULARS	As at March 31,2022	As at March 31,2021
<b>9 OTHER CURRENT ASSETS (Unsecured and Considered Good)</b>		
Prepaid Expenses	52.67	52.25
Cenvat Availed	3.39	3.39
GST Receivables	57.05	168.99
Advances Against Goods	134.99	111.51
Interest Subsidy Receivables	164.23	164.23
Export Excise Rebate/GST Receivable	118.26	66.90
Others (Refer Note 9.1)	109.91	191.96
MAT Credit Entitlement	-	49.28
<b>TOTAL</b>	<b>640.50</b>	<b>808.51</b>

9.1 Others includes Loans and Advances given to employees amounting to ₹ 6.71 Lakhs ( P.Y. ₹ 8.30 Lakhs) valued at actual amount of outflow.

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

PARTICULARS	As at March 31,2022	As at March 31,2021
<b>10 EQUITY SHARE CAPITAL</b>		
<b><u>Authorised</u></b>		
16,00,00,000 Equity Shares of ₹2/- each	3,200.00	3,200.00
(P.Y. 3,20,00,000 Equity Shares of ₹10/- each)		
<b>TOTAL</b>	<b>3,200.00</b>	3,200.00
<b><u>Issued, Subscribed and Fully Paid-up</u></b>		
8,93,02,450 Equity Shares of ₹2/- each	1,786.05	1,786.05
(P.Y. 1,78,60,490 Equity Shares of ₹10/- each)		
<b>TOTAL</b>	<b>1,786.05</b>	1,786.05

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

(₹ in Lakhs)

Sr. No.	Name of Shareholder	31/03/2022		31/03/2021	
		Number of shares	Percentage	Number of shares	Percentage
1	NITIN RAICHAND SHAH- J/W. MINAXI NITIN SHAH	85,86,280	9.61	17,17,256	9.61
2	JAYANTILAL RAICHAND SHAH- J/W. DAMYANTI JAYANTILAL SHAH	67,20,975	7.53	13,44,195	7.53
3	MAHENDRA RAICHAND SHAH - J/W. MEENA MAHENDRA SHAH	64,00,155	7.17	12,80,031	7.17
4	DHIRAJLAL RAICHAND SHAH - J/W. KANCHAN DHIRAJLAL SHAH	56,14,900	6.29	11,22,980	6.29
5	DIPAN JAYANTILAL SHAH - J/W. SONAL DIPAN SHAH	51,55,165	5.77	10,31,033	5.77

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

PARTICULARS	As at March 31,2022	As at March 31,2021
Equity Shares of Face Value of Rs.10/- each (PY Rs.10/- each) outstanding at the beginning of the year	1,78,60,490	1,78,60,490
<b>Equity Shares of Face Value of Rs.2/- each (PY Rs.10/- each)</b>	<b>8,93,02,450</b>	1,78,60,490
<b>Outstanding at the end of the year (Refer Note 10.2(a))</b>	<b>8,93,02,450</b>	1,78,60,490

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2022

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

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

Sr. No.	Name of Promoters	As at March 31, 2022		As at March 31, 2021		% Change during the year
		Number of shares	% of total shares	Number of shares	% of total shares	
1	NITIN RAICHAND SHAH .	85,86,280	9.61%	17,17,256	9.61%	-
2	JAYANTILAL RAICHAND SHAH .	67,20,975	7.53%	13,44,195	7.53%	-
3	MAHENDRA RAICHAND SHAH .	64,00,155	7.17%	12,80,031	7.17%	-
4	DHIRAJLAL RAICHAND SHAH .	56,14,900	6.29%	11,22,980	6.29%	-
5	SHAH DIPAN JAYANTILAL .	51,55,165	5.77%	10,31,033	5.77%	-
6	ARVIND RAICHAND SHAH .	35,35,900	3.96%	7,07,180	3.96%	-
7	AVANI ARVIND SHAH .	24,34,310	2.73%	4,86,862	2.73%	-
8	DHIRAJLAL RAICAND SHAH NOMINEE OF LOTUS MARKETING	20,12,500	2.25%	4,02,500	2.25%	-
9	HARSH MAHENDRA SHAH .	17,76,570	1.99%	3,31,714	1.86%	0.13%
10	MEENA MAHENDRA SHAH .	17,18,835	1.92%	3,43,767	1.92%	-
11	SHAH RAICHAND KANJI HUF .	16,20,000	1.81%	3,24,000	1.81%	-
12	SHAH MAHENDRA RAICHAND HUF .	14,51,250	1.63%	2,90,250	1.63%	-
13	KANCHAN DHIRAJLAL SHAH .	13,99,195	1.57%	2,79,839	1.57%	-
14	SHAH JAYANTILAL RAICHAND HUF	13,76,250	1.54%	2,75,250	1.54%	-
15	MINAXI NITIN SHAH .	13,66,280	1.53%	2,73,256	1.53%	-
16	SHAH DHRUV ARVIND .	13,13,590	1.47%	2,62,718	1.47%	-
17	BIREN JAYANTILAL CHHEDA .	12,75,000	1.43%	2,55,000	1.43%	-
18	PRAVINCHANDRA RAYCHAND CHHEDA .	12,70,460	1.42%	3,27,223	1.83%	-0.41%
19	SHAH ARVIND RAICHAND HUF .	10,51,250	1.18%	2,10,250	1.18%	-
20	BIREN JAYANTILAL SHAH HUF	10,50,000	1.18%	2,10,000	1.18%	-
21	SHAH NITIN RAICHAND HUF .	9,76,250	1.09%	1,95,250	1.09%	-
22	DAMYANTI JAYANTILAL SHAH .	9,44,310	1.06%	1,88,862	1.06%	-
23	SMITA BIREN CHHEDA .	9,22,500	1.03%	1,84,500	1.03%	-
24	CHHEDA PRAVINCHANDRA RAYCHAND HUF .	8,75,000	0.98%	1,75,000	0.98%	-
25	SHAH DHIRAJLAL RAICHAND HUF .	8,63,750	0.97%	1,72,750	0.97%	-
26	SONAL DIPAN SHAH .	7,68,740	0.86%	1,53,748	0.86%	-
27	SHAH DIPAN JAYANTILAL HUF .	6,76,250	0.76%	1,35,250	0.76%	-
28	RAVI MAHENDRA SHAH .	4,98,125	0.56%	99,625	0.56%	-
29	ANANT ZAVERCHAND GADA	1,20,435	0.13%	24,087	0.13%	-
30	LEWELLYN JOSEPH REGO	1,00,000	0.11%	46,445	0.26%	-0.15%
31	DINESH MICHAEL REGO	48,890	0.05%	9,778	0.05%	-
32	JINESH FULCHANDBHAI SHAH	35,000	0.04%	7,823	0.04%	-0.0046%
33	DHAVAL JINESH SHAH	29,945	0.03%	5,989	0.03%	-
34	JAYABEN JINESHBHAI SHAH	25,000	0.03%	9,778	0.05%	-0.03%
35	BHAVINI DHAVAL SHAH	18,030	0.02%	3,606	0.02%	-
36	SHAH JENIL	10,625	0.01%	2,125	0.01%	-
37	SURESH SOMCHAND SHAH	-	0.00%	993.00	0.01%	-0.01%
	<b>TOTAL NO OF SHARES HELD BY PROMOTERS</b>	<b>6,40,41,715</b>	<b>71.71%</b>	<b>1,28,90,913</b>	<b>72.18%</b>	<b>-0.46%</b>

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in Lakhs)

PARTICULARS	As at March 31,2022	As at March 31,2021
<b><u>OTHER EQUITY</u></b>		
<b><u>Capital Reserve on Amalgamation</u></b>		
Opening Balance	4,421.69	4,421.69
<b>TOTAL (A)</b>	<b>4,421.69</b>	<b>4,421.69</b>
<b><u>Securities Premium Reserve</u></b>		
Opening Balance	310.86	310.86
Add: Addition during the year	-	-
Less: Amount capitalised on Issue of Bonus Shares	-	-
<b>TOTAL (B)</b>	<b>310.86</b>	<b>310.86</b>
<b><u>Revaluation Reserve Account</u></b>		
Opening Balance	510.94	537.56
Add: Addition during the year	-	-
Less: Transfer to Profit and Loss A/C	-	-
Less: Reversal during the year	(23.65)	(26.62)
<b>TOTAL (C)</b>	<b>487.29</b>	<b>510.94</b>
<b><u>Retained Earnings</u></b>		
As per Last Balance Sheet	2,160.92	1,831.87
Add: Profit/(Loss) for the year	317.73	347.07
Add: Depreciation on Fixed Assets Revaluation	23.65	26.62
Less: Dividend Paid during the year	44.65	44.65
Tax on Dividend Paid	-	-
<b>TOTAL (D)</b>	<b>2,457.65</b>	<b>2,160.92</b>
<b><u>Other Comprehensive Income (OCI)</u></b>		
As Per Last Balance Sheet	13.92	125.18
Add: Movement in OCI during the year	31.67	(111.25)
<b>TOTAL (E)</b>	<b>45.59</b>	<b>13.92</b>
<b>TOTAL (A+B+C+D+E)</b>	<b>7,723.08</b>	<b>7,418.33</b>

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in Lakhs)

PARTICULARS	As at March 31,2022	As at March 31,2021
<b>11 FINANCIAL LIABILITIES</b>		
<b>BORROWING</b>		
<b>Secured - At amortised cost</b>		
* (a) <b>Term Loan</b>		
Bank of Baroda (Refer Note No. 11.2.c)	3,525.91	107.47
The Cosmos Co-op. Bank Ltd. (Refer Note No. 11.2.a)	768.47	2,081.16
Mortgage Loan from The Cosmos Co-op. Bank Ltd.	560.12	704.68
* (b) <b>Corporate Loan</b>		
Bank of Baroda (Refer Note No. 11.2.c)	128.86	542.26
* (c) <b>Vehicle Loan</b>		
Vehicle Loan (Refer Note No. 11.2.b)	22.46	4.59
<b>TOTAL (A)</b>	<b>5,005.82</b>	<b>3,440.16</b>
<b>Unsecured - At amortised cost</b>		
(a) From Company / Bank / LIC of India	712.86	840.94
(b) From Directors / Promoters and their relatives	364.69	243.81
<b>TOTAL (B)</b>	<b>1,077.54</b>	<b>1,084.75</b>
<b>TOTAL (A+B)</b>	<b>6,083.37</b>	<b>4,524.91</b>

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

	Maturity Profile		Non Current Total
	6-10 Years	2-5 Years	
Long Term Secured Loan	281.25	4,724.57	5,005.82
Long Term Unsecured Loan	1,077.54	-	1,077.54

### 11.2 Security Details for secured loan

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

b) Vehicle Loans are Secured by Hypothecation of Vehicles

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2022

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

**\* Secured / Unsecured Loans of ₹ 1368.31 lakhs Repayable/ redeemable within one year , which is shown in Other Current Liabilities under Current Maturities of Long Term Debts.**

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

##### a) BANK OF BARODA

Sr. No.	Nature of credit facilities	Terms of Repayment	Amount O/s. as on	
			31/03/2022	31/03/2021
1	Term Loan	Monthly installment of Rs. 6,84,000/-. Last installment will due in July'2023	107.47	189.55
2	Corporate Loan	Monthly installment of Rs. 11,45,000/-. Last installment will due in March'2024.	266.26	679.66
3	BGECL 2.0 -I	Total tenure 60 months 12 months Moratorium period AND 48 monthly installment of Rs. Rs.14,06,250/- each. First installment commencing from July'2022 and last installment will due in June'2026	675.00	-
4	BGECL 2.0 -II	Total tenure 60 months 12 months Moratorium period AND 48 monthly installment of Rs.35,41,666.66/- each. First installment commencing from September'2022 and last installment will due in August'2026.	1,700.00	-
5	BGECL 2.0 -III	Total tenure 72 months 24 months Moratorium period AND 48 monthly installment of Rs.31,25,000/- each. First installment commencing from January'2024 and last installment will due in December'2027.	1,500.00	-

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2022

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

Sr. No.	Nature of credit facilities	Terms of Repayment	Amount O/s. as on	
			31/03/2022	31/03/2021
1	Term Loan	EMI: Rs.3,25,144/-. Last EMI will due in November'2022	22.19	56.98
2	Term Loan	EMI: Rs.7,46,244/-. Last EMI will due in May'2023	91.85	167.82
3	Term Loan	EMI: Rs.4,75,689/-. Last EMI will due in October'2023	81.18	127.45
4	Term Loan	EMI: Rs.17,11,748/-. Last EMI will due in June'2024	413.18	568.11
5	Term Loan	EMI: Rs.6,24,876/-. Last EMI will due in December'2023	120.19	179.67
6	Term Loan	EMI: Rs.8,27,162/-. Last EMI will due in November'2025	303.93	368.93
7	Mortgage Term Loan	EMI: Rs.18,33,476/-. Last EMI will due in April'2026	703.44	831.73
8	Term Loan	EMI: Rs.2,54,627/-. Last EMI will due in May'2025	82.43	103.50
9	Term Loan	EMI: Rs.89,296/-. Last EMI will due in July'2026	37.90	44.43
10	Term Loan (DP Based)	EMI: Rs.11,31,724/-. Last EMI will due in February'2024	236.90	342.78
11	Term Loan	Term Loan fully repaid and account CLOSED in March'2022	-	38.16
12	Term Loan	Term Loan fully repaid and account CLOSED in October'2021	-	29.57
13	WCTL	Term Loan fully repaid and account CLOSED in April'2021	-	15.10
14	CBCTL	Term Loan fully repaid and account CLOSED in December'2021	-	1,000.00

**c) VEHICLE LOANS**

Sr. No.	Nature of credit facilities and Name of Bank	Terms of Repayment	Amount O/s. as on	
			31/03/2022	31/03/2021
1	Car Loan from Bank of Baroda	Term Loan fully repaid and account CLOSED in August'2021	-	3.93
2	Car Loan from Cosmos Bank	Term Loan fully repaid and account CLOSED in May'2021	-	1.16
3	Staff Bus Loan from HDFC Bank	Term Loan fully repaid and account CLOSED in February'2022	-	6.33
4	Staff Bus Loan from HDFC Bank	EMI: Rs.52,810/-. Last EMI will due in December'2022	4.59	10.25
5	Car Loan from HDFC Bank	EMI: Rs.58,235/-. Last EMI will due in November'2026	27.63	-

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in Lakhs)

PARTICULARS	As at March 31,2022	As at March 31,2021
<b>12 DEFERRED TAX LIABILITIES (NET)</b>		
Deferred Tax Liability/(Assets) on account of :		
Depreciation on Fixed Assets	186.72	187.67
Provisions for Bad Debts	(9.47)	(17.28)
Provision for Leave	(2.04)	(2.05)
Provision for Gratuity	(35.71)	(26.79)
Ind AS adjustment due to Amalgamation Expense	(1.51)	(2.75)
Deferred Tax Liabilities(Net)	137.99	138.80
<b>TOTAL</b>	<b>137.99</b>	<b>138.80</b>

PARTICULARS	As at March 31,2022	As at March 31,2021
<b>13 OTHER NON CURRENT LIABILITIES</b>		
<b><u>Capital Subsidy under TUF</u></b>		
Opening Balance	191.07	197.66
Add: Addition during the year	-	-
Less: Proportionate Capital Subsidy transferred to Profit and Loss Account	(6.59)	(6.59)
<b>TOTAL</b>	<b>184.47</b>	<b>191.07</b>

PARTICULARS	As at March 31,2022	As at March 31,2021
<b>14 SHORT TERM BORROWING</b>		
<b>Secured</b>		
<b><u>Working Capital Loan</u></b>		
Bank of Baroda Rupee Loan (Refer Note No. 14.1.d)	2,120.22	2,484.83
Cosmos Bank Rupee Loan (Refer Note No. 14.1.a)	3,228.59	4,349.97
Cosmos Bank PCFC/PSCFC Loan (Refer Note No. 14.1.a)	877.44	366.86
Foreign Bills under LC Discounting (Refer Note No. 14.1.b)	241.87	941.21
ICICI Bank Ltd. (Under Channel Financing) (Refer Note No. 14.1.c)	695.74	1,193.32
<b>TOTAL</b>	<b>7,163.86</b>	<b>9,336.19</b>



## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2022

#### 14.1 Security Details for secured loan

- a) Working capital (Cash credit) facilities from The Cosmos Co-op. Bank Ltd. is secured by Hypothecation of Raw Materials, Stock-in-Process, Finished Goods, Book Debts, Plant and Machinery, 1.25 MW Windmill situated at Village: Bhogat, Taluka: Kalyanpur, Dist: Jamnagar, 0.6 MW Windmill situated at Village: Suthari, Taluka: Abdasa, Dist.: Kutch, 2.10 MW Windmill situated at Village: Valsara, Taluka: Abdasa, Dist.: Kutch AND Equitable Mortgage of Factory Land & Building situated at Block No. 297 & 298, Limodara Patiya, Village: Karanj, Taluka: Mandvi, Dist.:Surat and Leasehold rights over Land & Building situated at Plot No. 72 to 86, Apparel Park, Sachin (SEZ), Dist.: Surat and at Composite Unit 2, Plot No. 3, Plot No. 4, Plot No. 5/A and Plot No. 15 at Fairdeal Textile Park, Village: Mahuvej, Taluka: Mangrol, Dist.: Surat, Office Premises at T.P. Scheme No.: 6, F.P. No. 233/A, western side of Third Floor, Dawer Chambers, Ring Road, Surat, Property situated at 91, G.I.D.C., Khatodara, B/h. Sub Jail, Ring Road, Surat , Property situated at City survey Nondh No.: 451/A of Ward Khatodara, Final Plot No.: 300, T.P. Scheme No. 6, Majura-Khatodara, Taluka/Dist.: Surat.
- b) Foreign Bills under LC Discounting limit is secured by irrevocable letter of credit issued by bank.
- c) Channel Finance Limit from ICICI Bank is secured by Lien marked over Fixed Deposit of ₹ 100 Lakhs with the Bank
- d) Working capital (Cash credit) facilities from Bank of Baroda is secured by Hypothecation of Raw Materials, Stock-in-Process, Finished Goods, Book Debts, Plant and Machinery and equitable mortgage of factory land and building situated at Block no. 298, Plot no. 2, Block no. 76, Plot no. 2 at Village: Karanj, Taluka: Mandvi, Dist.: Surat and Block no. 141, Plot no. 3, Block no. 146, Plot no. 3/A & 13, Block no. 149, Plot no. 12/A & 12/B at Village: Mota Borasara, Taluka: Mangrol, Dist. Surat, open Industrial land situated at Plot no.: Composite unit-1, Fairdeal Textile Park, Village: Mahuvej, Taluka: Mangrol, Dist.: Surat and office premises situated at eastern side of third floor, Dawer Chambers, Ring Road, Surat and hypothecation of 0.6MW Wind mill situated at Village: Suthari, Taluka: Abdasa, Dist: Kutch.

(₹ in Lakhs)

PARTICULARS	As at March 31,2022	As at March 31,2021
<b>15 TRADE PAYABLES</b>		
(a) Micro and Small Enterprises (Refer Footnotes (i) and (ii))	<b>336.54</b>	311.62
<b>TOTAL (A)</b>	<b>336.54</b>	311.62
(b) Other		
(i) For Goods & Other Purchases	<b>1,684.93</b>	1,324.23
(ii) For Expenses	<b>657.59</b>	619.90
<b>TOTAL (B)</b>	<b>2,342.52</b>	1,944.13
<b>TOTAL (A+B)</b>	<b>2,679.06</b>	2,255.75

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2022

**Trade Payable Ageing Schedule**
**(₹ in Lakhs)**

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

**(₹ in Lakhs)**

Particulars	As At March 31, 2021				Total
	Outstanding for following period from Due date of Payment				
	Less than 1 year	1-2 year	2-3 years	More than 3 years	
(i) MSME	311.62	-	-	-	<b>311.62</b>
(ii) others	1,902.11	9.94	20.68	11.41	<b>1,944.13</b>
(iii) Disputed Dues MSME	-	-	-	-	-
(iv) Disputed Dues Others	-	-	-	-	-

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

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

PARTICULARS	As at March 31,2022	As at March 31,2021
(a) The principal amount remaining unpaid to supplier as at the end of the accounting year	<b>336.54</b>	311.62
(b) The interest due thereon remaining unpaid to supplier as at the end of the accounting year	-	-
(c) The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
(d) The amount of interest due and payable for the year	-	-
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in Lakhs)

PARTICULARS	As at March 31,2022	As at March 31,2021
<b>16 OTHER CURRENT LIABILITIES</b>		
Advance From Customers	253.04	284.49
Other Payables	54.06	29.45
Provision for earned Leave	8.32	9.23
Provision for earned Bonus	9.95	9.48
Provision for gratuity	145.87	121.51
Current Maturities of Long Term Secured Loan	1,368.31	1,324.94
Interest accrued but not due on borrowings	10.65	19.82
Unclaimed Dividend	9.38	10.79
Statutory dues towards TDS/GST etc.	51.04	46.21
<b>TOTAL</b>	<b>1,910.61</b>	<b>1,855.93</b>

PARTICULARS	2021-22	2020-21
<b>17 REVENUE FROM OPERATIONS</b>		
<b><u>Sale of Products</u></b>	<b>29,382.89</b>	20,402.07
<b>Add : Job Work Income</b>	<b>278.54</b>	192.55
<b>TOTAL (A)</b>	<b>29,661.44</b>	20,594.62
<b><u>Other Operating Revenue</u></b>		
Sale of Power/Windmill Energy (Captive Consumption)	476.14	374.50
Profit/(Loss) on sale of Assets / Investment	34.04	9.98
Dividend	-	0.0015
Other Operating Income	78.44	41.23
Proportionate Capital Subsidy on Plant & Machinery	6.59	6.59
Factory Shed Rent	23.36	2.07
Commission Income Net	974.55	367.09
Income/(Loss) from Currency Swap / Exch. Variance	49.87	45.61
<b>TOTAL (B)</b>	<b>1,642.99</b>	847.07
<b><u>Other Income</u></b>		
Interest	33.55	44.47
Interest From LLP	0.23	0.23
<b>TOTAL (C)</b>	<b>33.78</b>	44.70
<b>TOTAL (A+B+C)</b>	<b>31,338.21</b>	21,486.39

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2022

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

(₹ in Lakhs)

PARTICULARS	2021-22	2020-21
<b>18 COST OF MATERIALS CONSUMED</b>		
Raw Material Consumed (Indigenous)	<b>13,056.16</b>	10,928.91
Raw Material Consumed (Imported)	<b>25.33</b>	21.05
<b>TOTAL</b>	<b>13,081.48</b>	10,949.96

PARTICULARS	2021-22	2020-21
<b>18.1 Opening Stock</b>	<b>1,156.03</b>	1,129.13
Purchase Indigenous	<b>13,256.33</b>	10,976.86
Purchase Imported	<b>29.01</b>	-
	<b>14,441.38</b>	12,105.99
Less : Closing Stock	<b>1,359.89</b>	1,156.03
<b>TOTAL</b>	<b>13,081.48</b>	10,949.96

PARTICULARS	2021-22	2020-21
<b>19 Change in Inventories of Finished Goods, Stock-in-trade &amp; Work-in-progress</b>		
<b>FINISHED GOODS</b>		
<b><u>A. Opening Stock</u></b>		
WIP Goods	<b>178.21</b>	220.40
Finished Goods / Stock in Trade	<b>4,211.10</b>	3,523.29
<b>TOTAL (A)</b>	<b>4,389.31</b>	3,743.69
<b><u>B. Closing Stock</u></b>		
WIP Goods	<b>195.92</b>	178.21
Finished Goods / Stock in Trade	<b>5,171.58</b>	4,211.10
<b>TOTAL (B)</b>	<b>5,367.50</b>	4,389.31
<b><u>(INCREASE)/DECREASE IN STOCK</u></b>	<b>TOTAL (A-B)</b>	
	<b>(978.18)</b>	(645.62)

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in Lakhs)

PARTICULARS	2021-22	2020-21
<b>20 EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, Wages and Bonus	<b>2,681.45</b>	1,959.73
Contribution to Provident & Superannuation Fund	<b>122.98</b>	91.94
Group Gratuity Premium Expense	<b>59.75</b>	43.65
Staff Welfare Expenses	<b>47.89</b>	35.21
<b>TOTAL</b>	<b>2,912.07</b>	2,130.53

**Gratuity:**

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

PARTICULARS	2021-22	2020-21
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**20.1 Defined Benefit Plan**
**Reconciliation of opening and closing balances of Defined benefit obligation**
**Particulars**

Defined Benefit Obligation at beginning of the year	<b>385.32</b>	236.53
Add: Current service cost	<b>51.49</b>	45.58
Interest Cost	<b>26.20</b>	16.56
Actuarial (Gain)/Loss	<b>(32.48)</b>	130.92
Benefits paid	<b>(24.52)</b>	(44.27)
Defined Benefit Obligation at end of the year	<b>406.01</b>	385.32

**Reconciliation of opening and closing balances of fair value of Plan Assets**
**Particulars**

	<b>Gratuity (Funded)</b>	Gratuity (Funded)
Opening value	<b>263.80</b>	264.16
Contributions of Employer	<b>3.73</b>	5.76
Investment Income (calculated @ 7%, (P.Y. @ 8%) which is the discount rate)	<b>17.94</b>	18.49
Return on plan assets, excluding amount recognized in net interest expense	<b>(0.81)</b>	19.67
Benefits paid	<b>(24.52)</b>	(44.27)
Fair value of Plan Assets at end of the year	<b>260.14</b>	263.80
Return on plan assets, excluding amount recognized in net interest expense	<b>(0.81)</b>	19.67

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in Lakhs)

PARTICULARS	2021-22	2020-21
<b>Reconciliation of fair value of Assets and Obligations</b>	<b>Gratuity (Funded)</b>	Gratuity (Funded)
<b>Particulars</b>		
Fair Value of Plan Assets	<b>260.14</b>	263.80
Present Value of Defined Benefit Obligation	<b>406.01</b>	385.32
Amount recognized in Balance sheet [Surplus/Deficit]	<b>145.87</b>	121.51
<b>Expenses recognised during the year</b>	<b>Gratuity (Funded)</b>	Gratuity (Funded)
<b>Particulars</b>		
<b>In Income Statement</b>		
Current Service Cost	<b>51.49</b>	45.58
Interest Cost	<b>26.20</b>	16.56
Investment Income	<b>(17.94)</b>	(18.49)
<b>Net Cost</b>	<b>59.75</b>	43.65
In Other Comprehensive Income		
Actuarial (Losses)/Gain	<b>(31.67)</b>	111.25
<b>Net Income/(Expenses) for the year recognized in OCI</b>	<b>(31.67)</b>	111.25
<b>Actuarial Assumptions</b>	<b>Gratuity (Funded)</b>	Gratuity (Funded)
<b>Particulars</b>		
Discount rate (per annum)	<b>0.07</b>	0.07
Expected rate of return on plan assets (per annum)	<b>0.07</b>	0.07
Rate of escalation in Salary (Per annum)	<b>0.05</b>	0.05
Rate of employee turnover (Per annum)	<b>0.05</b>	0.05
<b>21 FINANCE COST</b>		
Bank Charges	<b>25.69</b>	37.37
Term Loan Interest	<b>282.67</b>	490.80
Working Capital Interest	<b>829.94</b>	772.21
Interest on Unsecured Loan	<b>72.81</b>	94.88
Interest Paid to Suppliers of Goods	<b>166.87</b>	219.73
Bill Discounting Interest	<b>50.79</b>	136.31
Interest On Vehicle Finance	<b>1.83</b>	2.97
<b>TOTAL</b>	<b>1,430.61</b>	1,754.27

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2022

PARTICULARS	2021-22	2020-21
<b>22 DEPRECIATION AND AMORTISATION EXP.</b>		
Depreciation for the period	<b>982.40</b>	1,110.60
<b>TOTAL</b>	<b>982.40</b>	1,110.60

(₹ in Lakhs)

PARTICULARS	2021-22	2020-21
<b>23 OTHER EXPENSES</b>		
<b><u>Other Manufacturing Expenses</u></b>		
Consumable Stores (Refer Note No. 23.3 to 23.5)	<b>787.29</b>	698.05
Power and Fuel	<b>1,582.59</b>	1,153.50
Repairs - Plant & Machinery	<b>85.39</b>	74.41
- Buildings	<b>37.11</b>	27.29
Factory Expense	<b>141.17</b>	145.71
Job Charges	<b>68.52</b>	38.31
Wind Mill Exp.	<b>164.20</b>	187.76
<b>TOTAL (A)</b>	<b>2,866.26</b>	2,325.03
<b><u>Windmill Expenses</u></b>		
Lease Rent	<b>3.15</b>	2.96
Insurance	<b>5.03</b>	4.39
Repairs & Maintenance	<b>104.37</b>	117.19
Professional Expenses	<b>1.09</b>	1.04
Fees & Taxes	<b>2.00</b>	-
Term Loan Interest	<b>48.57</b>	62.19
	<b>164.20</b>	187.76
<b><u>Selling &amp; Distribution Expenses</u></b>		
Tempo Freight and Octroi	<b>100.57</b>	141.90
Expected Credit loss Allowance	<b>153.85</b>	135.23
Advertisement Expense	<b>17.36</b>	14.56
Brokerage Expenses	<b>133.98</b>	114.06
<b>TOTAL (B)</b>	<b>405.76</b>	405.74

**NOTES TO FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31ST MARCH, 2022**

(₹ in Lakhs)

<b>PARTICULARS</b>	<b>2021-22</b>	<b>2020-21</b>
<b><u>Administrative &amp; Other Expenses</u></b>		
Rent	1.63	1.80
Insurance	39.38	35.26
Directors Remuneration	162.65	135.30
Director's Fees	3.60	2.61
Donation	4.50	3.01
Electricity Expenses	9.38	8.82
Travelling and Conveyance Expenses	71.24	53.47
Postage and Telephone Expenses	19.76	19.06
Auditors Remuneration - For Statutory Audit	7.15	4.80
Computer Expenses	11.07	20.29
Legal and Professional Expenses	91.16	70.29
Repair & Maintenance of Furniture & Off. Equip.	8.77	9.74
Printing and Stationary Expenses	8.59	6.73
General Expenses	12.32	24.65
ISO 9001:2000 Certification Exp.	0.82	0.55
<b>TOTAL (C)</b>	<b>452.01</b>	<b>396.39</b>
<b>TOTAL (A+B+C)</b>	<b>3,724.03</b>	<b>3,127.15</b>

<b>PARTICULARS</b>	<b>2021-22</b>	<b>2020-21</b>
<b>23.1 Payment to Auditors as:</b>		
(a) As an Auditor (Including Tax Audit Fees)	7.15	4.80
(b) Capacity in respect of :		
(i) Company Law Matter	-	-
(ii) Taxation Matter	-	-
(iii) Management Services	-	-
(iv) In any other manner	-	-
(v) Reimbursement of expenses	-	-



**NOTES TO FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31ST MARCH, 2022**

(₹ in Lakhs)

<b>PARTICULARS</b>	<b>2021-22</b>	<b>2020-21</b>
<b>23.2 Expenditure in foreign currency (On Payment Basis)</b>		
(i) Consumables Stores	24.51	7.91
(ii) Raw Materials	26.41	-
(iii) Capital Goods	1.91	-
(iv) Export Commission	85.44	47.46
<hr/>		
<b>23.3 PACKING MATERIAL</b>		
Opening Stock	23.87	27.56
Purchase Indigenous	162.52	173.87
Purchase Imported	-	-
	<u>186.39</u>	<u>201.44</u>
Less : Closing Stock	25.69	23.87
<b>TOTAL</b>	<u><u>160.70</u></u>	<u><u>177.56</u></u>
<hr/>		
<b>23.4 CHEMICAL &amp; OIL</b>		
Opening Stock	27.32	40.12
Purchase Indigenous	310.61	289.27
Purchase Imported	-	-
	<u>337.93</u>	<u>329.39</u>
Less : Closing Stock	23.52	27.32
<b>TOTAL</b>	<u><u>314.41</u></u>	<u><u>302.08</u></u>

**NOTES TO FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31ST MARCH, 2022**

(₹ in Lakhs)

<b>PARTICULARS</b>	<b>2021-22</b>	<b>2020-21</b>
<b>23.5 STORES</b>		
Opening Stock	<b>242.55</b>	259.57
Purchase Indigenous	<b>285.07</b>	183.40
Purchase Imported	<b>26.37</b>	17.98
	<b>553.99</b>	460.96
Less : Closing Stock	<b>241.82</b>	242.55
<b>TOTAL</b>	<b>312.17</b>	218.41

<b>PARTICULARS</b>	<b>2021-22</b>	<b>2020-21</b>
<b>23.6 REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND</b>		
Remittances by the company in foreign currencies for dividends (including amount credited to Non-Resident External Accounts):		
a) No. of Non-resident shareholders	<b>5</b>	5
b) No. of Equity Shares of face value of ₹10 each held	<b>68,692</b>	68,692
c) i) Amount of Dividend Paid (Gross)	<b>0.14</b>	0.14
ii) Tax Deducted at Source	<b>0.04</b>	0.04
iii) Year to which dividend relates	<b>2020-21</b>	2019-20

<b>PARTICULARS</b>	<b>2021-22</b>	<b>2020-21</b>
<b>24 EARNINGS PER SHARE (EPS)</b>		
1. Net Profit as per Profit and Loss Account available for Equity Shareholders (in ₹)	<b>317.73</b>	347.07
2. Weighted average number of equity shares for Earning Per Share computation (Nos.)	<b>893.02</b>	893.02
3. Basic Earnings Per Share (in ₹)	<b>0.36</b>	0.39
4. Diluted Earnings Per Share (in ₹)	<b>0.36</b>	0.39
5. Face value per share	<b>₹2</b>	₹2

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2022

**25 The ratios for the year ended March 31, 2022 and March 31, 2021 are as follows :**

Sr. No.	Particulars	Numerator	Denominator	2022	2021	Variance in %
(a)	Current Ratio	Current Assets	Current Liabilities	1.46	1.21	20.68%
(b)	Debt-Equity Ratio	Total Debt	Total Equity	1.54	1.65	-6.84%
(c)	Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	1.09	1.33	-18.14%
(d)	Return on Equity Ratio	Profit for the year	Average Total Equity	3.40%	3.81%	-10.88%
(e)	Inventory turnover ratio *	Sale of Goods and Jobwork Income	Average Inventory	4.61	3.73	23.63%
(f)	Trade Receivables turnover ratio **	Revenue from Operations	Average Trade Receivable	3.27	2.15	52.15%
(g)	Trade payables turnover ratio ***	Purchases and Other Services	Average Trade Payables	12.95	6.03	114.75%
(h)	Net capital turnover ratio	Revenue from Operations	Working Capital	5.74	7.58	-24.29%
(I)	Net profit ratio ****	Profit for the year	Revenue from Operations	1.01%	1.62%	-37.30%
(j)	Return on Capital employed	EBIT (bank charges reduced)	Capital Employed	8.16%	9.02%	-9.52%
(k)	Return on investment	Earnings from invested funds	Average invested funds in Treasury Investments	0.27%	0.28%	-3.23%

\* Improvement in the turnover and lower inventory holding as compared to previous year resulted in higher inventory turnover ratio

\*\* Improvement in the liquidity in market provided better realisation of debtors which improved the receivable turnover ratio

\*\*\* Faster payment to the creditors on improved liquidity has improved the creditor turnover ratio

\*\*\*\* Net Profit of the last included exception gains and there is no exceptional gains during the year hence the ratio is lower in current year as compared to last year

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

Sr. No.	Name of the Related Party	Nature of Transaction	Amount	Balance as on March 31, 2022	Amount	Balance as on March 31, 2021
1	<b>Fairdeal Textile Park Pvt. Ltd.</b> (Common Control of Key Managerial Personnel)	Effluent Treatment Charges Power Charges - (Worker's Hostel) Maintenance Charges Paid Leave & Licence Agreement (Worker's Hostel) Job Charges	8.01 3.34 16.16 1.93 -	NIL	4.93 2.97 14.85 2.12 0.06	NIL
2	Lotus Marketing (Common Control of Key Managerial Personnel)	Lease Rent Income Purchase	20.60 -	NIL	- 0.21	NIL

## NOTES TO FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in Lakhs)

Sr. No.	Name of the Related Party	Nature of Transaction	Amount	Balance as on March 31, 2021	Amount	Balance as on March 31, 2020
3	Autotech Non-Wovens Pvt. Ltd. (Common Control of Key Managerial Personnel)	Sales Job Income Purchase	222.57 9.66 -	6.45 Dr	182.56 6.81 21.67	94.23 Dr
4	Shahlon Enterprises LLP (Common Control of Key Managerial Personnel)	Sale Income Job Income Bill Disc. Interest Interest Income Purchase Job Charges	251.68 7.17 11.75 0.23 80.42 481.37	NIL	169.88 15.43 17.63 0.23 42.50 546.65	NIL
5	Shri Dhirajlal R. Shah (Key Managerial Personnel)	Key Management / Director's Remuneration Interest on Unsecured Loan	54.22 2.06	1.85 Cr	45.10 2.05	4.89 Cr
6	Shri Arvind R. Shah (Key Managerial Personnel)	Key Management / Director's Remuneration Interest on Unsecured Loan	54.22 1.07	5.47 Cr	45.10 0.75	103.70 Cr
7	Shri Jayantilal R. Shah (Key Managerial Personnel)	Remuneration as Head Accounts & Legal Interest on Unsecured Loan	54.22 0.52	4.72 Cr	42.10 0.98	5.15 Cr
8	Shri Mahendra R. Shah (Relative of Key Managerial Personnel)	Remuneration as GM Operations Interest on Unsecured Loan	42.22 1.15	27.53 Cr	32.79 0.69	3.63 Cr
9	Shri Dipan J. Shah (Belonging to Promoters Group)	Remuneration as GM Marketing Interest on Unsecured Loan	54.22 0.39	231.75 Cr	45.10 1.66	40.68 Cr
10	Shri Nitin R. Shah (Key Managerial Personnel)	Key Management / Director's Remuneration Interest on Unsecured Loan	54.22 2.14	87.13 Cr	45.10 1.58	4.96 Cr
11	Smt. Minaxi N. Shah - (Relative of Key Managerial Personnel)	Interest on Unsecured Loan	0.04	0.04 Cr	0.04	NIL
12	Shri Dhruv A. Shah (Relative of Key Managerial Personnel)	Remuneration as Marketing Executive-Export Interest on Unsecured Loan	24.22 0.43	0.39 Cr	20.16 1.14	4.05 Cr

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

### 27 Other Statutory Information

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

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

**CA Rasesh B. Shah**  
**Partner**  
M.NO. : 034217  
Place : Surat  
Date : 30.05.2022

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

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

**Hitesh K. Garmora**  
Company Secretary

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

**Satish H. Shah**  
Chief Financial Officer

# Notes to Financial Statements for the Year ended on 31st March, 2022

## **Significant Accounting Policies:**

### **Corporate Information:**

Shahlon Silk Industries Limited (the 'Company' or 'SSIL') is a public company limited by shares domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is mainly engaged in the business of manufacturing of fabric on water jet looms, air jet looms & rapier looms and various yarn preparatory activities like sizing, texturizing, yarn dyeing, twisting, crape, ply yarn etc. SSIL is also engaged into an agency business with Reliance Industries Limited for sale of yarn. The equity shares of the Company are listed on the Bombay Stock Exchange Limited in India. The registered office of the Company is located at 91, GIDC, Khatodara, B/h. Sub Jail, Ring Road, Surat - 395002, Gujarat, India.

The Financial Statements were approved and authorized for issue in accordance with the resolution of the Company's Board of Directors on 30th May, 2022.

### **I. Statement of Compliance:**

The Financial Statements in all material respect 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 and the provisions of the Companies Act, 2013.

### **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
- 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

## Notes to Financial Statements for the Year ended on 31st March, 2022

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 company has identified twelve months as its operating cycle.

### **Rounding of Amounts:**

All amounts disclosed in these Financial Statements and notes have been rounded off to lakhs up to two decimals as per the requirement of Schedule III, unless otherwise stated.

### **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.

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 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 are recognised when the Company satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation: IND AS 115.

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

## Notes to Financial Statements for the Year ended on 31st March, 2022

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

### e) **Rental Income:**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit and loss due to its operating nature.

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

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

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

### 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.

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.

### V. **Property, plant and equipment**

Property, plant and equipment are stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, borrowing costs (if capitalisation criteria are met) and other cost directly attributable to bringing the asset to its working condition for the intended use. 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.



## Notes to Financial Statements for the Year ended on 31st March, 2022

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

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 the all the units 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 except unit located at Village: Mota Borsara, Kim wherein depreciation is provided using the Straight Line 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) The estimated useful life of an assets has been assessed based on technical advice 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.
- 3) 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.
- 4) 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

## Notes to Financial Statements for the Year ended on 31st March, 2022

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, labour charges, and direct expenses.
- 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. 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.

### **XI. 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.

### **XII. 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:**

The company has acquired 99 years leasehold right of Plot no.: Composite unit 1 and 2 & Plot No. 3, 4, 5A and 15, Fairdeal Textile Park, Village: Mahuvej, Taluka: Mangrol, Dist.: Surat, by subscribing to the shares of Fairdeal Textile Park Pvt. Ltd. All the risk and rewards of the leasehold land has been transferred to the Company. The life of leasehold land has been considered beyond estimate because of the period of lease being 99 years and renewable thereafter gives the Company ownership of the plot in perpetuity. The leasehold land has been recognized at Nil value and the value 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. Further, there is no outstanding lease contract which requires the treatment to recognize the right to lease asset and lease liability.

### **XIII. Employee 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.

## Notes to Financial Statements for the Year ended on 31st March, 2022

### 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.

#### I. Characteristics of Defined Benefit Plan:

The Entity has a defined benefit gratuity plan in India (funded). The Entity's defined benefit gratuity plan is a final salary plan for employees, which requires contribution to be made to a separately administered fund. The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy. During the year, there were no plan amendments, curtailments and settlements.

#### II. Risk associated with Defined Benefit Plan:

Gratuity is a defined benefit plan and entity is exposed to the Following Risks:

**Interest rate Risk:** A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability

requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

**Salary Risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

**Investment Risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

**Asset Liability Matching Risk:** The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

**Mortality Risk:** Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

**Concentration Risk:** Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very low as insurance companies have to follow stringent regulatory guidelines which mitigate risk.

A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by Rule 103 of Income Tax Rules, 1962.

#### XIV. Provisions

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

## Notes to Financial Statements for the Year ended on 31st March, 2022

### 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.

### 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	NIL	5.00
b) Bank guarantee provided to DGFT/Custom Authorities to secure machineries under EPCG Scheme	32.71	32.71
c) Guarantee given and security (property) provided to The Surat People's Co-operative Bank Ltd. for securing various credit facilities availed by Shahlon Enterprises LLP in which Company is one of the partner.	2914.63	2914.63
d) Excise demand of duty amounting of ₹31.07 Lakhs under section 11A(10) of Central Excise Act, 1944 and interest on such duty under section 11 AA of Central Excise Act, 1944; and imposed penalty of ₹ 2.25 Lakhs upon appellant under Section 11AC(1) (a) of Central Excise Act, 1944 which is under litigation Company has filed appeal with CESAT on account of dispute.	33.32	33.32
e) Demand under Rule 16A of the Drawback,1995 for A.Y. 2015-16	2.58	2.58
f) Excise demand of duty amounting of ₹ 8.06 Lakhs under section 11A(10) of Central Excise Act, 1944 and interest on such duty under section 11 AA of Central Excise Act, 1944; and imposed penalty of ₹ 1.55 Lakhs upon appellant under Section 11AC(1) (a) of Central Excise Act, 1944 which is under litigation Company has filed appeal with CESAT on account of dispute.	9.61	9.61
g) Demand u/s. 143(3) r.w.s. 147 of the IT Act, 1961 for A.Y. 2012-13	23.59	23.59
h) Demand u/s. 143(1) of the I.T. Act, 1961 for A.Y. 2020-21	116.51	Nil

## Notes to Financial Statements for the Year ended on 31st March, 2022

Dakshin Gujarat Vij Company Ltd. has raised demand of cross subsidy surcharges for the financial year 2005-06 of ₹ 66.73 lakhs vide its show cause notice / letter no. DGVL/C&R/ CPP/Cross-Sub.Surch/08/2821 dated 05-06-2008 to Shahlon Industrial Infrastructure Pvt. Ltd, which is merged with Shahlon Silk Industries Ltd. The amount payable is under Dispute.

Shahlon Industrial Infrastructure Pvt. Ltd., one of the transferor Company which is merged with Shahlon Silk Industries Ltd. has received notice from collector of electricity duty demanding electricity duty @15% on supply of electricity to its members, whereas the said company has paid electricity duty 0.40 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.

## XV. 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:

#### 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

## Notes to Financial Statements for the Year ended on 31st March, 2022

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 equity 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:

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model for evaluating impairment of Financial Assets other than those measured at Fair Value Through Profit and Loss (FVTPL).

Expected Credit Losses are measured through a loss allowances at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date)
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)
- For Trade Receivable the company applies 'Simplified Approach'. Under the simplified approach the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.
- The Company uses historical default rates to determine impairment losses on the portfolio of trade receivable. At every reporting date these historical rates are reviewed and changes in the forward-looking estimates are analyzed.
- For other assets, the company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

## Notes to Financial Statements for the Year ended on 31st March, 2022

### **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.

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.

## **XVI. 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.

### **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.

### **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 Ind AS 109, Financial Instruments. Any derivative that is either not designated as hedge, or is so designated but is

## Notes to Financial Statements for the Year ended on 31st March, 2022

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.

### De-recognition 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.

## XVII. 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.

The Board of Directors at their Meeting held on June 29, 2021 approved the sub-division of each Equity Shares of Rs. 10/- fully paid up into 5 Equity Shares of face value of Rs. 2/- each fully paid up. The same had been approved by the Members at the Annual General Meeting (AGM) held on September 30, 2021. Equity Shares of the Company have been subdivided from face value of Rs. 10/- each to Rs. 2/- each from record date November 12, 2021.

Accordingly, Equity Shares and Earning Per Share (EPS) have been adjusted for share split in accordance with IND AS 33 'Earning Per Share' for preceding previous year also.

## XVIII. 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.



## Notes to Financial Statements for the Year ended on 31st March, 2022

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 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

## Notes to Financial Statements for the Year ended on 31st March, 2022

changes in these assumptions. All assumptions are reviewed at each reporting date.

### 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.

- XIX.** Earning in foreign exchange: F.O.B. values of exports ₹3367.27 lakhs (Pre.Year ₹4110.83 lakhs)
- XX.** Sales/Purchase included inter-divisional transfers of ₹NIL (Pre. Year ₹ NIL lakhs)
- XXI.** Debtors of ₹ 9,514.85 lakhs includes ₹ 6.45 lakhs (Pre. Year ₹ 9,613.74 lakhs includes ₹ 94.23 lakhs) due from concern in which Directors are interested.

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

**CA Rasesh B. Shah**  
**Partner**  
M.NO. : 034217  
Place : Surat  
UDIN: 22034217ALIVNW3149  
Date : 30.05.2022

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

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

**Hitesh K. Garmora**  
Company Secretary

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

**Satish H. Shah**  
Chief Financial Officer

## ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM

To,  
COMPANY SECRETARY  
**SHAHLON SILK INDUSTRIES LIMITED**  
3RD FLOOR, DAWER CHAMBERS,  
NEAR SUB-JAIL, RING ROAD,  
SURAT - 395002  
Ph.: 0261-4190200

Dear Sir/Madam,

**RE: Registration for remittance of dividend through electronic mode**

I/We wish to avail ECS facility of the Company for remittance of dividend through electronic mode. Please take on your records my/our following details for the said purpose.

Registered Folio No. : ..... No. of shares : .....

A. Identity Details (FILL IN CAPITAL LETTERS ONLY)			
Name of Sole/Joint Holder(s)	Father's/Husband's Name	Surname of Sole/Joint Holder(s)	Date of Birth

B. Contact Details			
Name of Sole/Joint Holder(s)	E-mail Id	Contact No. (with STD Code)	Registered Address

C. Permanent Account Number (PAN) (MANDATORY)		
Sole/First Holder	Second Holder	Third Holder

**ELECTRONIC CLEARING SERVICE (ECS) DETAILS : (Please fill in Capital Letters only)**

<b>Bank Name</b>																										
<b>Branch Name</b>																										
<b>Branch Code</b>	<table border="1" style="width: 100%; height: 20px;"> <tr> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> </table>																			(9 Digits code number appearing on the MICR Band of the cheque supplied by the Bank) <b>Please attach following documents as a mandatory requirement to register/update your ECS details:</b> 1. A cancelled leaf or a xerox copy of a blank cheque of shareholder's bank account duly cancelled for ensuring accuracy of the bank's name, branch name and code number. 2. Xerox copy of PAN Card of the shareholder including all the joint holders.						
<b>Bank Account No.</b>	<table border="1" style="width: 100%; height: 20px;"> <tr> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> </table>																									
	<b>(As appearing on the cheque book)</b>																									
<b>Type of Account</b>	<table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 33%; padding: 5px;">S.B. Account</td> <td style="width: 33%; padding: 5px;">Current Account</td> <td style="width: 33%; padding: 5px;">Cash Credit Account</td> </tr> </table>												S.B. Account	Current Account	Cash Credit Account											
S.B. Account	Current Account	Cash Credit Account																								
	(Please tick whichever is applicable)																									

I/We hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness in information supplied as above, Shahlon Silk Industries Limited will not be held responsible for the same.

I/We further undertake to inform the Company any change in my/our Bank details and Account Number.

<b>Signature(s) as per specimen recorded with Company</b>		
<b>Sole/First Holder</b>	<b>Second Holder</b>	<b>Third Holder</b>

Place: \_\_\_\_\_ Date: \_\_\_\_\_

**Important Notes:**

- 1. The Company will register ECS details in its database only if the signatures of the shareholder(s) match with specimen signatures on records of the Company.**
2. After ECS registration, dividend, as and when declared by the Company, will be remitted into the bank account as per the details registered with the Folio No. / DP ID & Client ID of the shareholder.
3. Shareholders are requested to keep the Company informed as and when there is any change in bank details registered with the Company.
4. Unless bank details are changed by the shareholder(s) by sending communication in writing, the Company will continue to remit dividend, as and when declared by Company, as per the details registered with the Company.
5. On dematerialization of existing physical shares for which shareholder(s) have availed ECS facility, the bank details are required to be submitted to DP of the shareholder for availing ECS facility.

**INTIMATION FORM FOR CHANGE/CORRECTION IN ADDRESS OF COMMUNICATION**

FOR SHAREHOLDING IN PHYSICAL FORM	FOR SHAREHOLDING IN DEMAT FORM
<p><b>TO, COMPANY SECRETARY SHAHLON SILK INDUSTRIES LIMITED 3<sup>RD</sup> FLOOR, DAWER CHAMBERS, NR. SUB-JAIL, RING ROAD, SURAT - 395 002</b></p>	<p><b>TO BE SENT TO YOUR DEPOSITORY PARTICIPANT (DP)</b></p>

Dear Sir/Madam,

**Re. : Change/Correction in address of communication**

Please refer to my/our shareholding in Shahlon Silk Industries Limited as per below mentioned details:

**1. No. of equity shares held:** .....

**2. (I) For shareholding in physical form:**

**Registered Folio No.:** .....

**(ii) For shareholding in Demat Form:**

**DP ID:** ..... **Client ID:** .....

I/We hereby request to change my/our address of communication as per below details, under an intimation to me/us.  
(Please fill in the details in CAPITAL LETTERS ONLY)

Old Address
Flat/Block/House No. : .....
Building/House Name : .....
Landmark Details : .....
Road/Lane/Area Name I : .....
Road/Lane/Area Name II : .....
City : .....
State : .....
PIN Code : .....

New Address
Flat/Block/House No. : .....
Building/House Name : .....
Landmark Details : .....
Road/Lane/Area Name I : .....
Road/Lane/Area Name II : .....
City : .....
State : .....
PIN Code : .....

I/We hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness in information supplied as above, Shahlon Silk Industries Limited will not be held responsible for the same.

I/We further undertake to inform the Company any change in my address of communication.

Thanking You,

	Name	Signature
<b>Sole/First Holder</b>		
<b>Second Holder</b>		
<b>Third Holder</b>		

Place: \_\_\_\_\_ Date: \_\_\_\_\_

**Important Notes :**

1. The Company or its R & T Agent will update the new address in database only if the signatures of the shareholders match with specimen signature on record of the Company.
2. This form must be accompanied by one self-attested copy of new address proof in the name of the shareholder (e.g. Aadhar, Driving License, Passport, Ration Card and Light Bill/Gas Bill)

## FOR ATTENTION OF MEMBERS HOLDING SHARES IN PHYSICAL FORM

Date :

Dear Shareholder(s)

**Sub: (1) Submission of PAN and Bank Details**

**(2) Intimation of Share Transfer in Demat form only w.e.f April 1, 2019**

**Ref: (1) SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20thApril, 2018; and**

**(2) Amendment to Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide Gazette Notification dated June 8, 2018**

This has reference to above mentioned circular and notification of Securities and Exchange Board of India regarding collection of PAN and Bank Account details of all securities holders holding securities in physical form and intimation to them about transfer of securities only in dematerialized form w.e.f April 1, 2019.

In order to comply with above circular, you are requested to provide us the copy of PAN card and Bank Details (Cancelled Cheque leaf with name of the first holder/attested bank passbook showing name of account holder) **within 21 days from the date of the receipt of this letter.**

It may further be noted that pursuant to the above referred SEBI Notification, transfer in securities of the Company shall be allowed in dematerialized form only w.e.f April 1, 2019 and therefore shareholders of the Company still holding shares in physical certificates are hereby advised to dematerialize their shares as soon as possible.

Detailed procedure of dematerialization of securities of the Company and guidance for transfer of shares have been displayed at the website of the Company at [www.shahlon.com](http://www.shahlon.com) for the information of the shareholders.

Thanking You

**For Shahlon Silk Industries Limited**

Sd/-

**Company Secretary**







3rd Floor, Dawer Chambers,  
Near Sub-Jail, Ring Road,  
Surat - 395002. Gujarat. INDIA

T - +91-261 4190200

E - [info@shahlon.com](mailto:info@shahlon.com) W - [www.shahlon.com](http://www.shahlon.com)