

December 2, 2020

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 2019-2020 including Notice of the 12th 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, 2020 (FY 2019-2020) including Notice of the 12th Annual General Meeting. This is also available at the website of the Company at <http://www.shahlon.com/annual-reports.php>

The Schedule for 12th AGM of the Company is set out below;

Date of 12th AGM	Saturday, 26th December, 2020 through VC/OAVM
AGM Start Time	11:00 AM
Cut Off Date for E-voting Rights	Friday, 18th December, 2020
E-Voting at the AGM	Saturday, 26th December, 2020 from 11.00 am (IST) till the end of the Meeting
Remote e-Voting Start Date	Wednesday, 23rd December, 2020
Remote e-Voting Start Time	09:00 a.m. (IST)
Remote e-Voting End Date	Friday, 25th December, 2020
Remote e-Voting End Time	05:00 p.m. (IST)
Book Closure Start Date	Saturday, 12th December, 2020
Book Closure End Date	Saturday, 26th December, 2020 (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



Shahlon
Silk Industries Ltd.





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



4,00,00,000
Meters p.a.

FABRIC CAPACITY



22,200 Metric
Tons p.a.

YARN CAPACITY



30+

**YEARS OF TEXTILES
EXPERIENCE**



1,650

EMPLOYEE



10+














**COUNTRIES
WORLDWIDE PRESENCE**



4.55 MW

WIND MILL CAPACITY

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OUR EVOLUTION

1984 - 2000

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

2000 - 2005

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

2005 - 2010

Incorporated more green energy in our operations by installing two windmill with capacity of 0.6mw each. Further installation of 14 polyester sizing machines, largest in Surat, newer and better technology made into our operations.

2011 - 2015

This period saw tremendous growth, with commencement of yarn dyeing. Further expansion of existing units.

2016 - 2019

Introduced finished fabric with additional yarn dyeing capacity, along with yarn space dyeing machine, 30 air jet looms and windmill with capacity of 2.10mw. We are a renowned firm operating on globally accepted standards and manufacture natural fibres like cotton, viscose and rayon.



COMPANY AT A 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 SEGMENTS

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 :

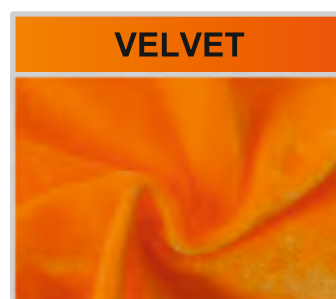
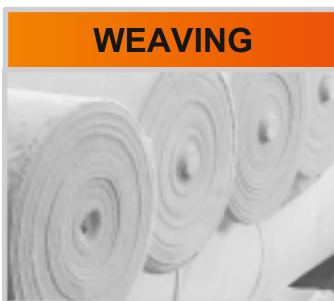
We are very conscious about our impact on the environment, so in addition to our eco-friendly infrastructure, we also manufacture sustainable fabrics made from recycled yarns.

Greige Fabrics:

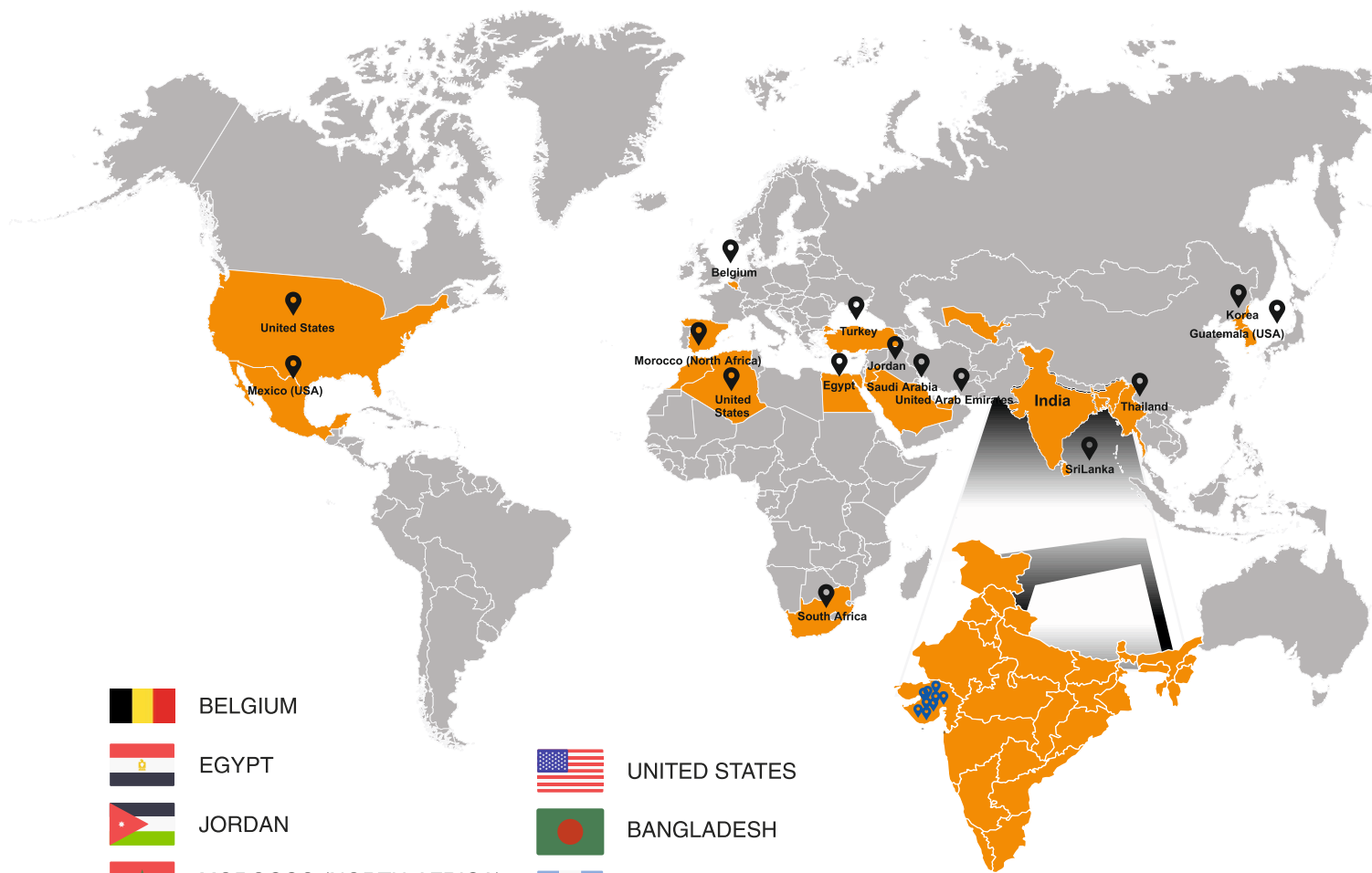
With a capacity of weaving 3,64,00,000 meters per annum, we are one of the largest and most renowned greige fabric manufacturers in India.



APPLICATIONS



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 | | |

17% Export Share in Total Revenue

CORPORATE OFFICE

Surat, Gujarat. India

PLANT (IN GUJARAT)

• Kim • Karanj • Kosamba • Sachin

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-G15-001
Initial Registration Date: 15 February 2007
Re-Issue Date: 22 March 2019
Expiry Date: 15 February 2022

Scope of Registration:
Manufacturer of Synthetic Grey fabrics

Signed: *Steve Stubble*, 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' requirements may be obtained by consulting Alcumus ISOQAR.

IAF UKAS

Alcumus ISOQAR Limited Cobra Court, 1 Blackmore Road, Stretford, Manchester M22 0QY, +44 (0)161 865 3699 F+44 (0)161 865 3685
This certificate is the property of Alcumus ISOQAR and must be returned on request.



भारत सरकार
GOVERNMENT OF INDIA
वाणिज्य एवं उद्योग मंत्रालय
MINISTRY OF COMMERCE & INDUSTRY
विदेश व्यापार महानिदेशालय
DIRECTORATE GENERAL OF FOREIGN TRADE

मान्यता प्रमाण पत्र
Certificate of Recognition
एक सितारा निर्यात सदन
ONE STAR EXPORT HOUSE

नैसर्गिक

(आई ई सी और आयकर पैन)
को विदेश व्यापार नीति, 2015-2020 के प्रावधानों के अनुसार एक सितारा निर्यात सदन का स्तर प्रदान किया जाता है। यह प्रमाण पत्र, प्रक्रिया मुक्तक (2015-2020) के पैर 3.20 (बी) में दी गयी शर्तों के निहित शर्तों की अवधि के लिए दिनांक से तक वैध होगा।

M/s. SHAHLON SILK INDUSTRIES PVT.LTD, 91, GIDC KHATODARA BH SUBJAIL, SURAT/GUJARAT-395002.

(IEC 5288002796 and Income Tax PAN AALC579276)
are hereby accorded the status of One Star Export House in accordance with the provisions of the Foreign Trade Policy, 2015-2020. This Certificate is valid for a period of 5 years effective from 30.03.2016 to 29.03.2021 subject to the conditions prescribed in Para 3.20(b) of the Hand Book of Procedures [2015-2020].

सं./No. /A/ 4328
तारीख/Date : 05.04.2016
स्थान/Place : SURAT
(फारम सं./File No.) 80015/AM16 तारीख/Date : 30.03.2016

SAMRAGJI CHAVAN
अवर /संयोजक/ उप महानिदेशक,
विदेश व्यापार /विकास आकृत (एस.ई.डि.ए.)
असिस्टेंट डायरेक्टर
Director General of Foreign Trade/
Development Commissioner (SEZ)



HOHENSTEIN Textile Testing Institute GmbH & Co. KG
Schönbühlgr. 1, 74857 Bönnigheim, Germany

OEKO-TEX®
INSPIRING CONFIDENCE

CERTIFICATE

The company
Shahlon Silk Industries Limited
Block No. 298, Plot No. 1, 3A & 3B
Limodara Patiya, Karanj, Tal. Mandvi
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 20.0.25709

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 (CPSC) 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 31.08.2021

Bönnigheim, 09.09.2020

Juana Salas
Dipl.-Ing. (FH) Juana Salas
Head of Certification Body OEKO-TEX®

OEKO-TEX® Association | Konferenzstrasse 23 | CH-8002 Zurich



HOHENSTEIN Textile Testing Institute GmbH & Co. KG
Schönbühlgr. 1, 74857 Bönnigheim, Germany

OEKO-TEX®
INSPIRING CONFIDENCE

CERTIFICATE

The company
Shahlon Silk Industries Ltd.
Plot No. 5A, Block No. 692-A
Fairdeal Textile Park
Tal: Mangrol, Village: Mahuvej
Surat - 394 125, 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 20.0.25708

for the following articles:
Polyester yarns (PTY-texturized, FDY, twisted - single & multiply, bi-shrinkage) in semi dull, full dull, bright, super bright, Knottex, Cottuk, black dope dyed, melange, cationic 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 (CPSC) 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 31.08.2021

Bönnigheim, 09.09.2020

Juana Salas
Dipl.-Ing. (FH) Juana Salas
Head of Certification Body OEKO-TEX®

OEKO-TEX® Association | Konferenzstrasse 23 | CH-8002 Zurich

SOCIAL AND GREEN INITIATIVE

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%.

CU Inspections & Certifications India Private Limited,
2nd Floor, Arham Aura,
TTC Industrial Area, Turbhe MIDC,
Opposite Turbhe Station, Navi Mumbai - 407005, India
Email: info@compliance.in
Tel: +91-22-61294259, 299

CERTIFICATE OF COMPLIANCE
(Scope Certificate)

CERTIFICATE No. CU847271GRS-61-2019
REGISTRATION No: CU 847271

CU Inspections & Certifications India Private Limited declares that
Shalton Silk Industries Limited
Block No. 297-298, Nr. Limodra Patia, Village Karanj, Taluka Mandavi,
394 110 Dist. Surat
Gujarat INDIA

has been inspected and assessed according to the
Global Recycle Standard (GRS)
Version 4.0
and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:
Fabrics, Yarns

Processing steps / activities carried out under responsibility of the above mentioned company (by the operations as detailed in the annex) for certified products
Exporting, Storing, Texturing, Trading, Twisting, Weaving

This certificate is Valid until: 05 December 2020

Place and date of issue:
Navi Mumbai, 06 December 2019

Name of authorized person

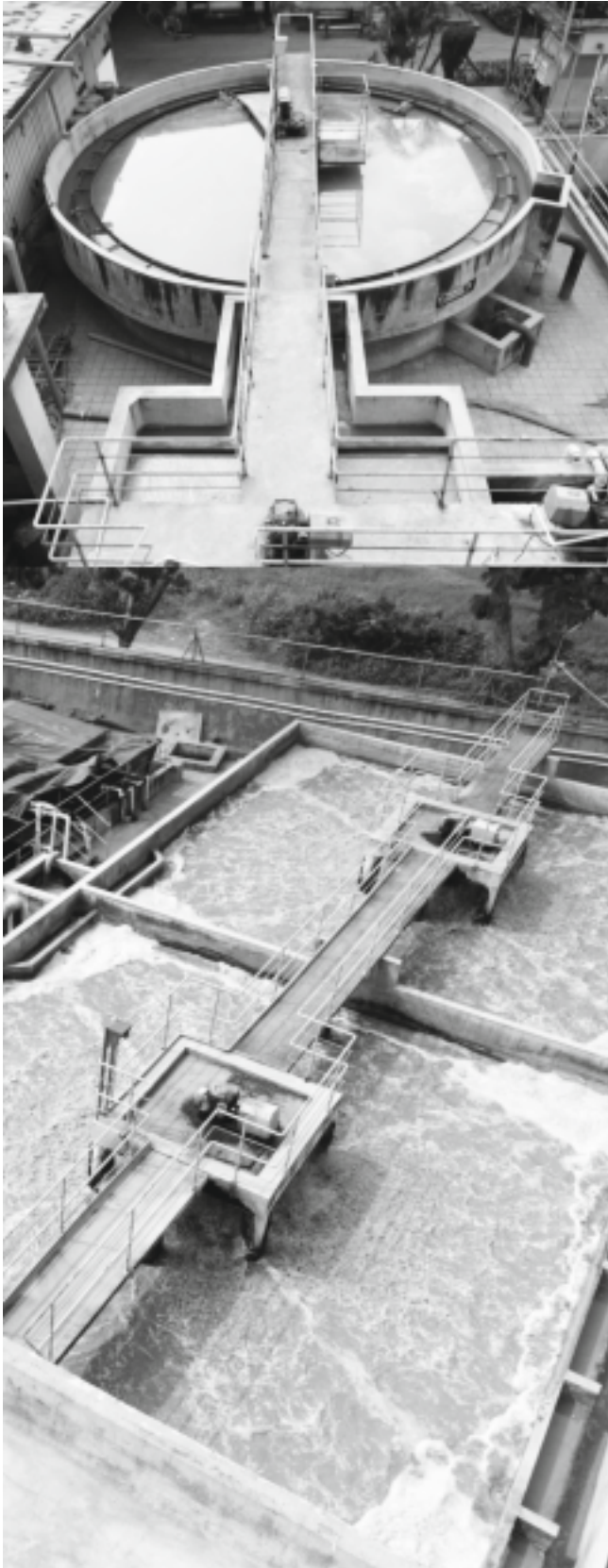
On behalf of the Managing Director
Mr. Pravin Pawar
Certifier

Stamp of the issuing body


Standard's Logo


This certificate cannot be used as a transaction certificate.
The issuing body can withdraw this certificate before it expires if the declared compliance is no longer guaranteed.

Certificate of Compliance, Page 1 of 3



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.



CHAIRMAN MESSAGE



Dhirajlal Raichand Shah
Chairman of the Board

Dear Shareholders,

I am extremely delighted to present the Annual Report for the financial year 2020. During the year, the company achieved a total revenue of Rs. 383 crore. We believe that profitable companies do well in the current scenario of pandemic and any other volatile markets. We have been continuously focusing on increasing our margins rather than achieving higher sales volumes hence we have now shifted our focus more on revenue from manufacturing business and lower in trading business. Our focus on increasing profitability is paying off which is evident from the increase in EBIDTA margins to 8.05% during the financial year ended 31st March, 2020 as against EBIDTA margin of 7.09% for financial year ended 31st March, 2019. We are not an exception to the impact of pandemic during the last quarter of the financial year 2020, which had not only impacted our revenues but also our profitability.

Your company celebrates 36 glorious years in supplying yarns and fabrics (fashion, shirting & suiting, furnishing, and technical fabrics) to leading trading houses, garment exporters and fashion brands in India and across the world.

The demand for polyester yarn and fabric has been on the rise on account of increasing demand pick up across the World and in India. The company has been proactively capitalising on the Indian Textiles sector growth opportunities and increased its yarn and fabric manufacturing capacities over the last three decades. The total installed capacity for Fabric manufacturing is 40 million meters per annum while it is 22,200 tons per annum for manufacturing Yarns.

The company strives to offer innovative, customized, and value-added products to its customers through constant research and innovation. With all these, the company is confident of tapping more potential markets with its products.

Our large customers are garment manufacturers in Delhi, Mumbai and Bengaluru who are the garment manufacturers of top brands like M&S, Matalan, H&M, Ann Taylor, Van Heusen, Allen Solly, etc.

The offices were shut down during the lockdown phase, but the company adopted the work from home policy for office related work during the entire lockdown duration. With the lifting of the partial lockdown restrictions, the company has restarted its operations at manufacturing plants and at Surat offices, in a gradual manner from April 27, 2020. At all our manufacturing locations, necessary arrangements of sanitization, self-quarantine, and screening have been made, and are continuing to ensure a safe environment for our employees.

During the pandemic, the existing fabric manufacturing capacities were utilized for the manufacturing of the fabric meant for manufacturing of Personal Protective Equipment (PPE) kits. South India Textile Research Association, the nodal agency for approving fabric, had approved the fabric. This fabric also caters to a wide range of protective apparel for the medical, pharma, biotechnology, electronics, and food & beverage industry.

The performance in the first half of the current year had been subdued owing to the lockdowns imposed by the government, but we are witnessing a very good revival in demand in the second half.

The company is putting all efforts to convert this challenge into an opportunity by rationalizing the manpower cost and downsizing the other cost centers, while also putting its efforts to retain and add more customers for sustaining and increasing the demand. There is a strong and steady flow of orders and we expect it to continue through the entire second half of the year and further.

We are witnessing a strong recovery in sales because of the overall improvement in retail and e-commerce sales. The Company is witnessing an improvement in demand as the markets continue to recover from the slowdown caused by the pandemic. We are confident of a pick-up in demand in both domestic and export markets, as the supply chain disturbances and other constraints are expected to get normal.

The organized apparel industry has seen a shift from brick & mortar stores to a combination of online & offline model which eventually lead to the rise of brick and click model these days. E-commerce is where all action is and the women's wear segment is one of the segments, which has been doing well. This would augur well for our domestic and global branded clothes manufacturers, which in turn is going to benefit us.

Furthermore, Dilution of the non-core assets has enhanced cash flows of the company to the tune of Rs. 18.50 crore, which has been used to reduce debt and other working capital facilities.

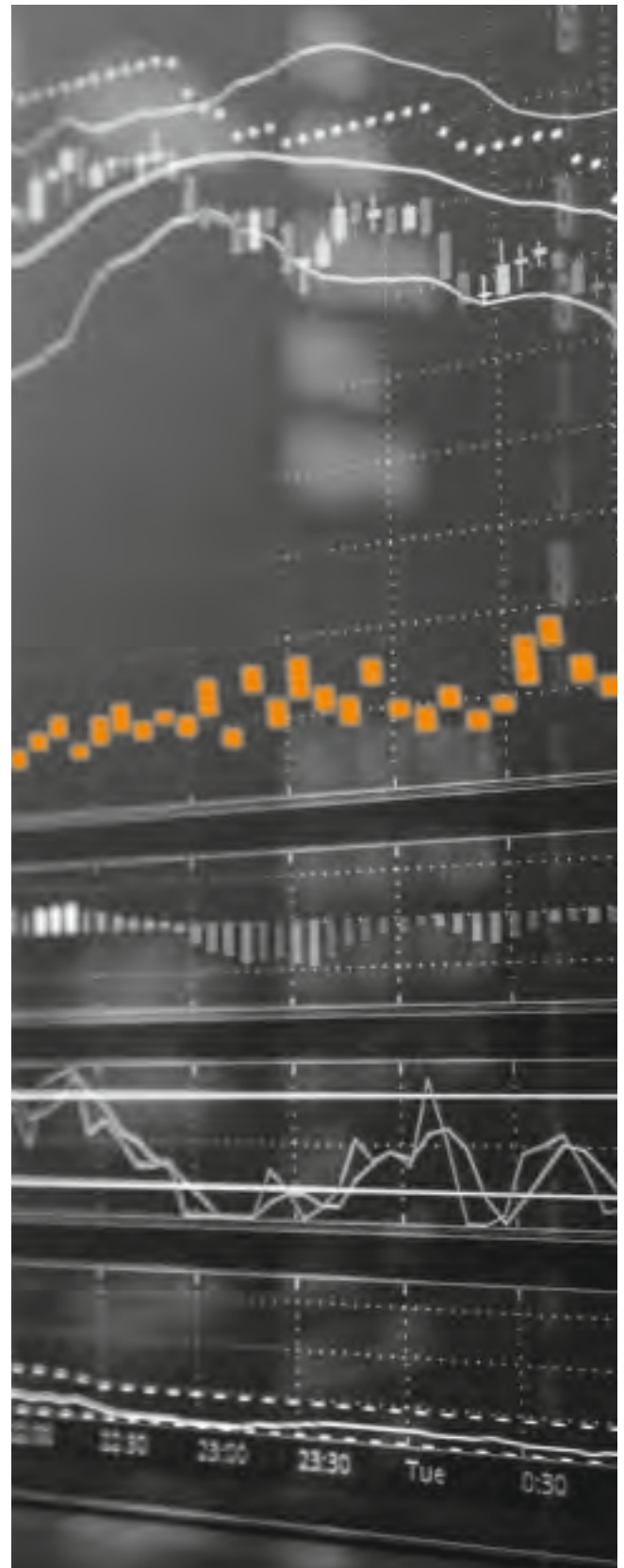
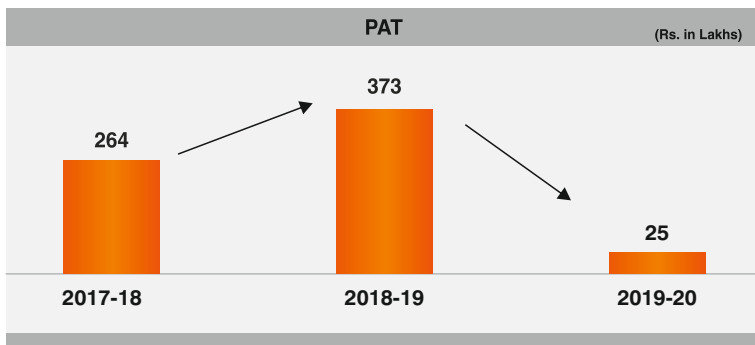
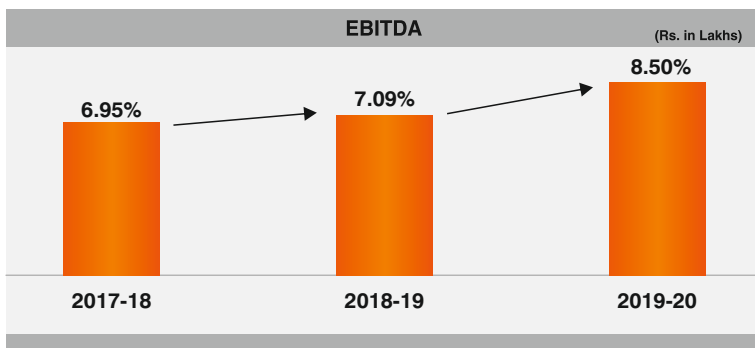
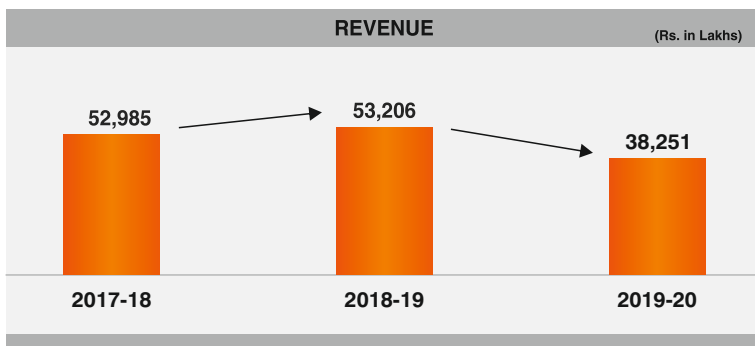
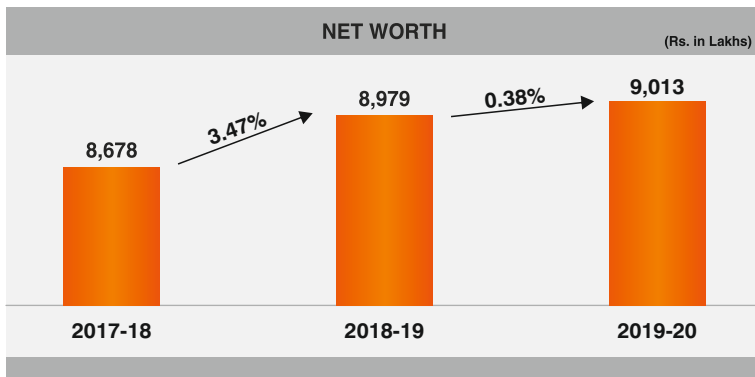
At Shahlon, we ensure that the changing market conditions shouldn't negatively influence the position of the company and hence take precautionary measures for the same in anticipation. The financial position of the company remains stable with healthy cash flows. We always believe in staying close to our core strengths and speak the same language with regard to our commitment towards the stakeholders.

I would like to take this opportunity to thank all our stakeholders for the continued dedication and belief they have shown in us as well as look forward to the long-lasting journey ahead.

With best wishes,

Chairman

FINANCIALS



BOARD OF DIRECTORS



MR. DHIRAJLAL RAICHAND SHAH

Chairman & Promote Director

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

MR. ARVIND RAICHAND SHAH

Managing Director

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

MR. NITIN RAICHAND SHAH

Whole-time Director

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

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

CORPORATE INFORMATION

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

INE052001018



FINANCIAL SECTION

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NOTICE

Notice is hereby given that the 12th Annual General Meeting of members of SHAHLON SILK INDUSTRIES LIMITED will be held on **Saturday, 26th day of December, 2020, 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. SubJail, Ring Road, Surat- 395002:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statement for the year ended 31st March, 2020, together with the Report of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the financial year ended 31st March, 2020.
3. To appoint a Director in place of Shri Arvind R. Shah (DIN 00010483), Director who retires by rotation and being eligible, offers himself for re-appointment.

Special Business:

4. To ratify the Remuneration of 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, 2021, 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 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."

By Order of Board of Directors of
Shahlon Silk Industries Limited

Place : Surat
Date : 12.11.2020

Hitesh K. Garmora
Company Secretary

NOTES

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM/EGM through VC/OAVM.
2. 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), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 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 EGM/AGM will be provided by CDSL.
3. 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.
4. 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.
5. 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.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.shahlon.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at 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.
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. The Explanatory statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts relating to Special Business to be transacted at the Annual General Meeting ("AGM") is annexed hereto.
9. 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 person seeking appointment/ re-appointment as Director, 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, 12th December, 2020 to Saturday, 26th December, 2020 (both days inclusive)** for the purpose of payment of Dividend for financial year ended 31st March, 2020 and the 12th 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, **11th December, 2020**.

11. Dividend on equity shares, if declared at the annual general meeting, will be credited/dispatched on or after Saturday, **26th December, 2020** 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, **11th December, 2020**; and
- b. to all those shareholders holding shares in physical form whose names stand on the Register of Members as on Friday, **11th December, 2020**.

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 Companies RTA at <https://www.bigshareonline.com/dividendTDS.aspx> or email to the RTA's Registered Email address at investor.ahm@bigshareonline.com by 11:59 p.m. IST on Friday, 11th December, 2020. 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 Companies RTA at <https://www.bigshareonline.com/dividendTDS.aspx> or sending an email to the RTA's Registered Email address at investor.ahm@bigshareonline.com. The aforesaid declarations and documents need to be submitted by

the shareholders by 11:59 p.m. IST on 11th December, 2020 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 11th December, 2020. 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. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Bigshare Services Private Limited for assistance in this regard.

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. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2011-12, 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

September 30, 2019 (date of the previous Annual General Meeting) 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.

Please note that Members who have yet not en-cashed their dividend warrant(s) pertaining to dividend declared for the financial year 2013-14 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 for the financial year 2012-13 and thereafter to IEPF:

Financial Year	Date of Declaration of Dividend	Dividend Payment	Due Date for transfer to IEPF
2012-2013	30/09/2013	12.5%	06/11/2020
2013-2014	30/09/2014	5.00%	06/11/2021
2014-2015	30/09/2015	12.5%	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

17. 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 2019-20, 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.

- b) The Company has now communicated individually the concerned shareholders whose shares are liable to be transferred to IEPF Authority during the financial year 2019-20 at their latest available address with the Company and simultaneously published a**

notice in the English newspaper the Financial Express and in Gujarati newspaper Gujarat Guardian dated 07/08/2020, for taking appropriate action. The Statement of details of such Shareholders and Shares due for transfer to IEPF Authority during the financial year 2019-20 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: <http://www.iepf.gov.in/IEPF/refund.html> or contact Company 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.

18. 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.
19. 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.
20. 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.
21. The instructions and manner for availing e-Voting facility are as under:

THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins on **23rd December, 2020 (9.00 a.m.)** and ends on **25th December, 2020 (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 **18th December, 2020** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- Shareholders who have already voted prior to the meeting date would not be entitled to vote during the meeting.
- The shareholders should log on to the e-voting website www.evotingindia.com.
- Click on "Shareholders" module.
- Now enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> 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.
Dividend Bank Details OR Date of Birth (DOB)	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. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <SHAHLON SILK INDUSTRIES LIMITED> on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) 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.

- (xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

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 **info@shahlon.com**.
2. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to **info@shahlon.com**.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. 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.

5. 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 atleast **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at info@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 info@shahlon.com. These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. 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.
3. 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 shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

4. 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.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to 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.
- 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 should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required 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; info@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.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual

available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, 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 or call on 022-23058542/43.

(xxi) Any person, who acquires shares of the Company and becomes member of the Company after sending the notice and holds shares as of the cut-off date i.e. **18th December, 2020**, may obtain the login ID and password by sending a request to helpdesk.evoting@cdslindia.com or Issuer/RTA. However, if person is already registered with CDSL for e voting then existing User ID and password can be used for casting vote.

22. The Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of the Act, the Register of Contracts or arrangements in which the Directors are interested under Section 189 of the Act and all other documents referred to in the Notice will be available for inspection in electronic mode on CDSL portal.
23. The Annual Report of the Company including the Notice convening the AGM circulated to the Members of the Company will be available on the Company's website at www.shahlon.com.
24. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.

By Order of Board of Directors of
Shahlon Silk Industries Limited

Place : Surat
Date : 12.11.2020

Hitesh K. Garmora
Company Secretary

ANNEXURE TO THE NOTICE

DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT

{In pursuance of Regulation 26(4) & 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)}

ITEM NO. 3 OF THE NOTICE

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

(a) a brief resume of the director AND nature of his expertise in specific functional areas;

Mr. Arvind R. Shah is a science graduate aged about 62 years is having vast experience of around 35 years in the textile business. He is involved in product development, exploration of new business opportunities, and head of marketing function in the organization. He manages team of experienced marketing managers who are generally textile engineers & MBA in marketing.

Name of Director	Mr. Arvind R. Shah
Date of Birth	28/07/1958
Date of Appointment	September 03, 2018
Expertise in specific functional areas	Vast experience of around 35 years in the textile business.
Qualification	Science Graduate
Shareholding in the Company as on September 30, 2020	7,07,180 (3.96%) Equity shares of Rs.10/-each
Directorship held in other companies (excluding foreign companies)	NIL
Membership/Chairmanship of Committees of other public companies (includes only Audit Committee and Stakeholders Relationship Committee)	NIL
Disclosure of Relationships between Director inter-se	Brother of Shri Dhirajlal R. Shah and Nitin R. Shah, Directors of the Company
Number of Meetings of Board attended during the year	attended Eight (8) Board Meetings out of Eight (8) Board Meetings held during his tenure as Director.

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 for the financial year ending on 31st March, 2021 payable to the Cost Auditors M/s Kannaujya & Co., Cost Accountants, having Firm Registration No.102990, to conduct the audit of the cost records of the Company for the aforesaid financial year.

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, 2021.

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.

By Order of Board of Directors of
Shahlon Silk Industries Limited

Place : Surat

Date : 12.11.2020

Hitesh K. Garmora
Company Secretary

Directors' Report

Your Directors are pleased to present 12th Annual Report alongwith the audited financial statements for the Financial Year ended March 31, 2020.

FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	2019-20	2018-19
Total Revenue	38251.80	53206.14
Profit before Interest, Depreciation and Tax	3,251.97	3772.61
Less : Interest	1822.00	1830.53
Depreciation	1317.36	1453.22
Profit before Tax	112.61	488.86
Less : Provision for Current Taxation	98.18	112.12
Provision for Deferred Taxation	(10.98)	(1.80)
Profit after Tax adjustment	25.41	378.55
Excess/(Short) provision for taxation in earlier year	-	5.56
Net Profit	25.41	372.99
Add : Balance brought forward from previous year	1883.96	1568.18
Depreciation on Fixed Assets Revaluation	29.99	33.81
Amount available for Appropriation	1939.35	1974.98
Less: Dividend paid during the year	89.30	75.63
Tax on Dividend	18.18	15.40
Balance Carried to Balance Sheet	1831.87	1883.96

OPERATIONAL PERFORMANCE

During the year under review, your Company has achieved turnover of Rs.38251.80 lakh as against Rs.53206.14 lakh in the previous year approx. 28% lower as compared to previous financial year. Reduction in the revenue is mainly due to reduction in trading turnover from Rs. 23074.40 lakh to Rs. 11249.52 lakh even domestic sale was marginally down by approx. 8% and export sale was down by 17% due to adverse market condition and COVID 19 which effected the last quarter of the year. Further the prices of synthetic yarns has corrected by an average 10% -15% as compared to last year average hence even the volume in manufacturing sale has increased / remained flat as compared to last year but due to the effect of the reduction in prices the growth in sale is not visible.

Earnings before Interest, Depreciation and Tax (EBIDTA), during the year under review was Rs.3,251.97 lakh (8.50%) as compared to Rs.3,772.62 lakh(7.09%) in the previous year. Profitability has been affected mainly on account of reduction in volume even after improved EBIDTA margins. Profit before tax for the financial year under review was Rs.112.61 lakh decreased from Rs.488.86 lakh for the previous year. Your Company has earned a Net Profit after tax of Rs.25.41 lakh decreased from Rs.372.99 lakh compared to previous year.

INDIAN ACCOUNTING STANDARD

As mandated by the Ministry of Corporate Affairs, the financial statements for the year ended on March 31, 2020 has been prepared in accordance with the Indian Accounting Standards (IND AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014. The estimates and judgments relating to the Financial Statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended March 31, 2020.

DIVIDEND

The Board of Directors has recommended a dividend of Rs.0.25/-(i.e.2.5%) per equity share of Rs.10/- each on the paid-up equity share capital of company amounting to Rs. 44.65 lakh. The dividend payment is subject to approval of members at the ensuing Annual General Meeting.

SHARE CAPITAL

Fairdeal Filaments Limited (Transferor Company) merged with the Company pursuant to the order of The National Company Law Tribunal dated 10/05/2019.

The authorized share capital of the company is Rs.32,00,00,000/-divided into 3,20,00,000 equity shares of Rs.10/- each (Merging therein authorized share capital of Rs.20,00,00,000/-divided into 2,00,00,000 equity shares of Rs.10/- each of Fairdeal Filaments Limited with the authorized share capital of the company) pursuant to the Scheme of Merger w.e.f. 01/06/2019. Appointed date of the Scheme is 01/04/2018.

During the year under review, the Company has allotted 67,24,240 fully paid equity shares of Rs.10/- each to the shareholders of Fairdeal Filaments Limited on 17/06/2019 and 16,000 Shares of Rs.10/- each held by Fairdeal Filaments Limited in the Company are cancelled.

DEPOSITS

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Shri Vaibhav Jayantbhai Mehta appointed as an Additional (Independent) Director of the Company with effect from June 17, 2019 to hold office up to the date of 11th Annual General Meeting. At the 11th Annual General Meeting held on September 30, 2019 he was appointed as an Independent Director not liable to retire by rotation, for a period of 5 years w.e.f. October 1, 2019 to September 30, 2024.

At the 11th Annual General Meeting of the company held on September 30, 2019, the shareholders have appointed:

- Shri Dhirajlal Raichand Shah as an Executive Chairman of the Company for a three years term commencing from October 1, 2019 till September 30, 2022
- Shri Arvind Raichand Shah as a Managing Director of the Company for a three years term commencing from October 1, 2019 till September 30, 2022
- Shri Nitin R. Shah as a Whole Time Director of the Company for a period of three years commencing from October 1, 2019 till September 30, 2022.

Shri Jayantilal Raichand Shah has been appointed as “Head–Accounts & Legal” of the Company to hold office or place of profit with effect from 1st October, 2019 at the 11th Annual General Meeting held on September 30, 2019.

Shri Satish Hargovinddas Shah was appointed as a Chief Financial Officer (CFO) of the Company w.e.f. 1st October, 2019 by the Board of Directors at their meeting held on September 9, 2019.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence prescribed under the Act and the Listing Regulations.

NOMINATION AND REMUNERATION POLICY:

The Board of Directors of the Company has adopted, on recommendation of the Nomination and Remuneration Committee, a Policy for Selection and Appointment of Directors, Senior Management and their Remuneration.

A brief detail of the policy is given in the Corporate Governance Report section.

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) 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 in line with the provision 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 Venture/ Company 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; and
- 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:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Shri Bhairav H. Shukla, Practicing Company Secretary, (CP: 5820) Surat, has been appointed as the Secretarial Auditors to conduct the Secretarial Audit of the Company, the Secretarial Audit Report for the financial year ended March 31, 2020 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 provisions of 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. 108671W) 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 requirement to place the matter relating to such appointment for ratification by Members at every Annual General Meeting has been done away with pursuant to amendment in the Companies Act.

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

The Board of Directors on the recommendation of Audit Committee, approved the appointment of M/s. Kannaujiya & Co., Cost Accountants, Surat, as the Cost Auditors of the company for the year 2020-21 at a remuneration of Rs.30,000/- plus taxes as applicable and out of pocket expenses. The remuneration of the Cost Auditors is proposed to be ratified by the members at the ensuing Annual General Meeting.

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.

The Cost Audit Report for the year ended on 31st March 2020 will be submitted by M/s. Kannaujiya & Co., Cost Accountants, Surat to the Board of Directors of the company. After consideration and examination by the Board of Directors, the company will furnish cost audit report to Central Government in prescribed form.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Employee relations throughout the year were harmonious. Your company treats its human resources as its important asset contributing to the all-round growth of your company. Industrial relations have continued to be cordial at all levels of the organization during the year under review.

INTERNAL FINANCIAL CONTROLS SYSTEMS AND THEIR ADEQUACY:

Your company is conscious about the need to line up modern management practices. The company is using RAMCO ERP software since more than decades. The company has also implemented BI tools to add further

values and to make the information flow more dynamic to top and mid management levels. The company has an internal control system commensurate with its size and nature of its business which covers areas such as optimum utilization of resources, accurate and prompt recording of transactions, safeguarding of assets, adherence to applicable accounting standards and policies, review of IT and other systems, compliance with prevalent statutes, management policies and procedures. 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.

Name of Directors	Category	Position
Rajendra Kundanlal Desai	Non-Promoter/Independent/Non-Executive Director	Chairman
Richa Manoj Goyal	Non-Promoter/Independent/Non-Executive Director	Member
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, a Vigil Mechanism for directors and employees to report genuine concerns or grievances about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy has been established. 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.

EXTRACT OF ANNUAL RETURN:

Pursuant to the provisions of Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies

(Management and Administration) Rules, 2014 as amended w.e.f. 28.08.2020, extract of the Annual Return of the company in Form No. MGT-9 is placed on the website (www.shahlon.com) of the company. Web link for accessing extract of the Annual Return of the company is https://www.shahlon.com/reports/disclosure/Extract%20of%20Annual%20Return_MGT-9_31.03.2020.pdf

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.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All related party transactions that were entered into during the financial year were in the ordinary course of business and were on arm's length basis. All related party transactions for the year are placed before the Audit Committee as well as before the Board for approval. The transactions entered into with related parties are reviewed on a quarterly basis by the Audit Committee. There were no materially significant related party transactions which could have potential conflict with interest of the company at large.

Members may refer Note no.25 to the Financial Statements which sets out related party disclosures pursuant to Ind AS.

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:

Hon'ble National Company Law Tribunal, Ahmedabad Bench (NCLT) vide its order dated 10th May, 2019 has approved the Scheme of Amalgamation of Fairdeal Filaments Limited ("FFL" or "Transferor Company") with Shahlon Silk Industries Limited ("SSIL" or "Transferee Company") and their respective Shareholders and Creditors under Sections 230 – 232 and other applicable provisions of the Companies Act, 2013. Except above, there are no other significant and material orders passed by the Regulators or Courts or tribunals which would impact the going concern status of the Company and its future operations.

MATERIAL CHANGES AFFECTING THE COMPANY

There was no operating or business activity from March 23, 2020 till April 26, 2020 due to outbreak of COVID-19 pandemic and announcement of lockdown by the Government. With the lifting of the partial lockdown restrictions, the Company has restarted its operations at manufacturing plants at lower capacities in gradual manner from April 27, 2020. Despite of all the limitations and the factors beyond the control of the Company, it has made and is in the process of making all possible efforts to bring the operations of the Company back to its normal. All the processes are being reviewed to curtail costs and minimise wastages.

The Company has availed moratorium facility for 6 months from March'20 to August'20 for repayment of term loan instalments and interest and working capital interest. The company has also availed emergency credit line of Rs. 1000 Lakhs to meet temporary liquidity mismatch arising out of COVID-19 from Cosmos Bank.

The part of the property (land area admeasuring 22619 sq. mtrs. and part of 1 constructed factory premises) owned by the Company situated at land bearing Block no. 74, 75, 76

and 81 at Village: Karanj, Taluka: Mandvi, Dist.: Surat is under compulsory acquisition by Government of India for Vadodara–Mumbai Express Highway. The Company has realised Rs. 18.50 crore from the said property. The proceeds would be used to reduce debt to the tune of Rs. 12.50 crore and the remaining Rs. 6 crore would be used for working capital. Operations of the Company will not be adversely affected since the activities carried out at the said location is not material in the context of the complete manufacturing set up of the Company and these can be easily transferred to other locations. Moreover the Company has sufficient manufacturing space available in existing set up at other locations.

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. The company has also complied with provisions relating to the constitution of Internal Complaints Committee under the said Act.

During the year under review, the company has not received any complaints on sexual harassment and hence no complaints remain pending as of 31 March, 2020.

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 regarding 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 : 12.11.2020

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 2019-20	Director's Name	Ratio to median remuneration
	1	Mr.Dhirajlal R. Shah	39 : 1
	2	Mr.Arvind R. Shah	39 : 1
	3	Mr. Nitin R. Shah	39 : 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 2019-20 compared to 2018-19	Director's/CFO/CEO/CS /Manager name	% increase in remuneration
	1	Mr.Dhirajlal R. Shah	5.88%
	2	Mr. Arvind R. Shah	5.88%
	3	Mr. Nitin R. Shah	0.00%
	4	Mr. Satish Shah	10.11%
	5	Mr. Hitesh K. Garmora	21.21%
(iii)	Percentage increase in the median remuneration of employees in the financial year 2019-20 compared to 2018-19	9.95%	
(iv)	Number of permanent employees on the rolls of the company	As on 31.03.2020	As on 31.03.2019
		1688	2145
(v)	Average percentile increase in salaries of Employees other than managerial personnel	During 2019-20	
		6.50%	
		Justification for increase in managerial remuneration with reasons	Compared to the remuneration with respect to industry, size of the company and profile of the position and persons, the remuneration paid to managerial personnel is commensurate with their experience and ability.
(vi)	Key parameter for any variable component of remuneration availed by the Directors	Not applicable	

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

ANNEXURE - 3

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

(A) Conservation of energy-

- (i) the steps taken or impact on conservation of energy;
- Maintaining power factor and accordingly obtained rebate from DGVCL of Rs.11,06,414/- during the year.
 - Replaced following at our plants which give same amount of light
 - o 2.8Kw conventional 100 Nos. LED tube lights with latest technology LED lighting system of 1.3Kw LED tube light.
 - o 4.2Kw conventional 150 Nos. LED tube lights with latest technology LED lighting system of 1.95Kw LED tube light.
 - o 1.0Kw conventional 8 Nos. Street light with latest technology LED lighting system of 0.16Kw Street light
 - Fixed the standard cost of power consumption for each and every machine of different qualities, if it is deviated from standard; we find out the root cause of it and make it proper.

- (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)-

(a) the details of technology imported:	(b) the year of import:
<ul style="list-style-type: none"> ■ 2 RAPIER LOOMS ■ 29 AIR JET LOOMS 	2017-18
The imported technology has been fully absorbed.	

(iv) the expenditure incurred on Research and Development. – NIL.

(C) Foreign exchange earnings and Outgo:

Total Foreign Exchange used and earned.

Particulars	(₹ in Lakhs)	
	2019-20	2018-19
I) Foreign Exchange Earnings	6446.50	7165.42
II) Foreign Exchange Outgo:		
a) Raw Materials	39.34	230.76
b) Capital Goods	175.85	8.70
c) Consumables Stores	32.71	23.28
d) Foreign Travelling Expenses	11.91	13.18
e) Export Commission	82.01	67.08
f) Exhibition Expenses	5.25	9.32

ANNEXURE - 4

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

For The Financial Year Ended on 31st March, 2020

[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, 2020**

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

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SHAHLON SILK INDUSTRIES LIMITED** (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, 2020, 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, 2020, 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, 2009;
 - 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;]**

(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 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 mentioned above **except specified here-in-under:-**

Sr.No.	01.
Actions taken by	Security and Exchange Board of India (SEBI)
Details of violation	<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>
Details of action taken E.g. fines, warning letter, debarment, etc.	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.
Observations/remarks of the Practicing Company Secretary, if any.	<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 www.shahlon.com (Investor Desk / Scheme of Arrangement) for bringing the notice to the shareholders of the Company.</p>

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 Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance. The Board Meetings which were called at 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 specific events / actions having a major bearing on the Company's affairs are as under-

1. The company has filed an application / petition u/s 230-232 of the Companies Act, 2013 for merger of Fairdeal Filaments Limited, a listed company incorporated under the Companies Act, 1956 (Transferor Company) with Shahlon Silk Industries Limited (Transferee Company). The Hon'ble National Company Law Tribunal, Ahmedabad Bench has sanctioned the Scheme of Merger vide their Order dated 10th May, 2019. The appointed date of the scheme is April 1, 2018 and effective date of amalgamation is June 1, 2019.
2. The company has issued and allotted 67,24,240 fully paid equity shares of Rs.10/- each to the shareholders of Fairdeal Filaments Limited(Transferor Company) on 17/06/2019 and 16,000 Shares of Rs.10/- each held by Fairdeal Filaments Limited in the Company are cancelled pursuant to the Scheme of Merger.
3. The Company has received listing approval vide letter dated 25.10.2019 from BSE Limited for listing of 1,78,60,490 equity shares w.e.f. 27.10.2019.

Bhairav H Shukla

Practising Company Secretary

FCS -6212

COP No.- 5820

UDIN - F006212B001203056

Place: Surat

Date: 10.11.2020

Note: This report is to be read with our 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, 2020

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.

Our 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. Our responsibility is to express an opinion on these secretarial records based on our 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. Our 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.

Place: Surat
Date: 10.11.2020

Bhairav H Shukla
Practising Company Secretary
FCS -6212
COP No.- 5820
UDIN - F006212B001203056

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, 2020, 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
Total	6	100.00

The composition of the Board is in conformity with the Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (hereinafter collectively 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 Listed Entities as on 31st March, 2020:

Name of the Director	Category	List and category of Directorship in other Listed Companies
NIL		

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, 8 Board Meetings were held, the dates being, 27th May, 2019, 17th June, 2019, 16th

August, 2019, 9th September, 2019, 24th October, 2019, 14th November, 2019, 14th February, 2020 and 28th February, 2020.

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 2019-20		Whether attended AGM held on 30th Sep., 2019	Other Directorships	Committees in other companies	
		held	attended			Memberships	Chairmanships
Mr. Dhirajlal R. Shah (DIN: 00010480)	Executive Chairman / Promoter Director	8	8	YES	5	Nil	Nil
Mr. Arvind R. Shah (DIN: 00010483)	Managing Director / Promoter Director	8	8	YES	Nil	Nil	Nil
Mr. Nitin R. Shah (DIN: 00010487)	Whole-time Director / Promoter Director	8	8	YES	3	Nil	Nil
Mr. Rajendra K. Desai (DIN: 00198139)	Non-Executive / Independent Director	8	8	YES	2	Nil	Nil
Ms. Richa M. Goyal (DIN: 00159889)	Non-Executive / Independent Women Director	8	6	YES	1	Nil	Nil
Mr. Vaibhav J. Mehta (DIN: 08484567)	Non-Executive / Independent Director	6	6	NO	Nil	Nil	Nil

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

Skills/ Expertise/ Competencies identified by the Board	Mr. Dhirajlal R. Shah	Mr. Arvind R. Shah	Mr. Nitin R. Shah	Mr. Rajendra K. Desai	Ms. Richa M. Goyal	Mr. Vaibhav J. Mehta
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 27th May, 2019, 16th August, 2019, 14th November, 2019, 14th February, 2020.

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	3
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, the Committee met 2 times on 17th June, 2019 and 16th August, 2019.

Composition of NRC and details of attendance of the Members at Meetings of the Committee are as follows:

Name of Directors	Category	Position	No. of Meetings Attended
Mr. Rajendra K. Desai	Non-Promoter/Independent/Non-Executive Directors	Chairman	2
Ms. Richa M. Goyal	Non-Executive / Independent Director	Member	1
Mr. Dhirajlal R. Shah	Promoter/ Executive Director	Member	2
Mr. Vaibhav J. Mehta	Non-Executive / Independent Director	Member	_*

* Mr. Vaibhav J. Mehta was appointed as member in the NRC committee w.e.f. 11/07/2020

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. 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 2019-20 are given below: -

(₹ In Lakhs)	
Name	Salary
Mr. Dhirajlal R. Shah, Executive Chairman	53.56
Mr. Arvind R. Shah, Managing Director	53.56
Mr. Nitin R. Shah, Whole-time Director	53.56

Note:

The Agreements with the Executive Chairman, Managing Director and Whole-time Director are for a period of three years. Either party to the Agreement is entitled to terminate the Agreement by giving not less than six months' prior notice in writing to the other party.

(ii) Details of payments made to Non-Executive Directors during the year 2019-20 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, 2020
Mr. Rajendra K. Desai	0.85	1,467
Ms. Richa M. Goyal	0.40	-
Mr. Vaibhav J. Mehta	0.40	-
Mr. Jayantilal R. Shah*	0.15	11,99,750
Mr. Nandish Vin*	0.15	-
Ms. Sonia P. Khanna*	0.15	-

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

* Sitting fees paid to the Directors of Fairdeal Filaments Ltd. till 31/05/2019.

6. 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.

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

Shareholders Complaints:

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

7. General Body Meeting:
a) Location and time where last three Annual general Meetings (AGM), Extra-Ordinary General Meeting (EOGM) and National Company Law Tribunal (NCLT) Convened Meeting were held.
Annual general Meetings:

Date & Time	Location	Special Resolutions Passed
30.09.2019 at 11.00 A.M.	3rd Floor, Dawer Chambers, Nr. Sub-Jail, Ring Road, Surat	(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.
29.09.2018 at 2.00 P.M.	91, G.I.D.C., Khatodara, B/H.: Sub-Jail, Ring Road, Surat	(I) To appoint Shri Nitin R. Shah as a Managing Director.
29.09.2017 at 2.00 P.M.	-----Do-----	Nil

Extra-Ordinary General Meeting:

Date & Time	Location	Special business transacted
16.11.2018 at 11.00 A.M.	91, G.I.D.C., Khatodara, B/H.: Sub-Jail, Ring Road, Surat	(i) Appointment of Shri Jayantilal Raichand Shah as a CFO to hold office or Place of Profit. (ii) Appointment of Shri Mahendra Raichand Shah as a 'GM Operations' to hold office or Place of Profit. (iii) Authority to borrow money in excess of paid-up capital & free reserves pursuant to Section 180(1)(c). (iv) Authority to take loans by creating charge on assets of the company pursuant to Section 180(1)(a).
25.07.2018 at 11.00 A.M.	-----Do-----	(i) Approval to conversion of company from 'Private Limited Company' to 'Public Limited Company' and adoption of amended Articles of Association.
24.02.2018 at 11.00 A.M.	-----Do-----	(i) To increase Authorized Capital from 5,00,00,000/- (Rupees Five Crore only) divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten) each to Rs.12,00,00,000/- (Rupees Twelve Crore only) divided into 1,20,00,000 (One Crore Twenty Lacs) Equity Shares of Rs.10/- (Rupees Ten) each. (ii) To issue Bonus Shares in the ratio of Four(4) equity Bonus share for every One(1) equity shares held (i.e. in the ratio of 4:1 shares).

NCLT Convened Meetings:

Date & Time	Location	Special business transacted
Shareholders- 11th March, 2019 at 12:00 Noon,	3rd Floor, Dawer Chambers, Nr. Sub-Jail, Ring Road, Surat	(i) Approval of the Scheme of Merger by absorption of the Fairdeal Filaments Limited("FFL" Or Transferor Company) by Shahlon Silk Industries Limited (the "Company" Or Transferee Company) and their respective shareholders and creditors ("Scheme") (ii) Approval of the re-organisation of share capital of the applicant company.
Secured Creditors - 12th March, 2019 at 12:00 Noon AND Unsecured Creditors - 12th March, 2019 at 4:00 P.M.	3rd Floor, Dawer Chambers, Nr. Sub-Jail, Ring Road, Surat	(i) Approval of the Scheme of Merger by absorption of the Fairdeal Filaments Limited("FFL" Or Transferor Company) by Shahlon Silk Industries Limited (the "Company" Or Transferee Company) and their respective shareholders and creditors ("Scheme")

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:

Annual Reports, notice of the meetings and other communications to the Members are sent through e-mail, post or courier. However, this year in view of the outbreak of COVID-19 pandemic and owing to the difficulties involved in dispatching of physical copies of Annual Report, the MCA has vide its Circular No. 20/2020 dated 5th May, 2020 directed the companies to send the Annual Report only by e-mail to all the Members of the company. Therefore, the Annual Report for FY 2019-20 and Notice of 12th AGM of the Company is being sent to the Members at their registered e-mail addresses in accordance with MCA and SEBI Circulars.

(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.

(f) Shareholders' grievances/complaints:

Grievance Redressal division's E-mail ID for investors: companysecretary@cs.shahlon.com

9. General Shareholder Information:
(a) Annual General Meeting: Date, Time and Venue:

To be held on Saturday, 26th December, 2020, 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) Dates of Book Closure: 12th December, 2020 to 26th December, 2020 (Both days inclusive).

(d) Dividend payment Date:

Dividend on Equity Shares will be made payable from **26th December, 2020** 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, **11th December, 2020**. 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, **11th December, 2020**.

(e) 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 2020-21 have been paid to BSE Limited.

(f) Stock Code:

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

ISIN No. in NSDL & CDSL for the Listed Equity Shares: INE052001018

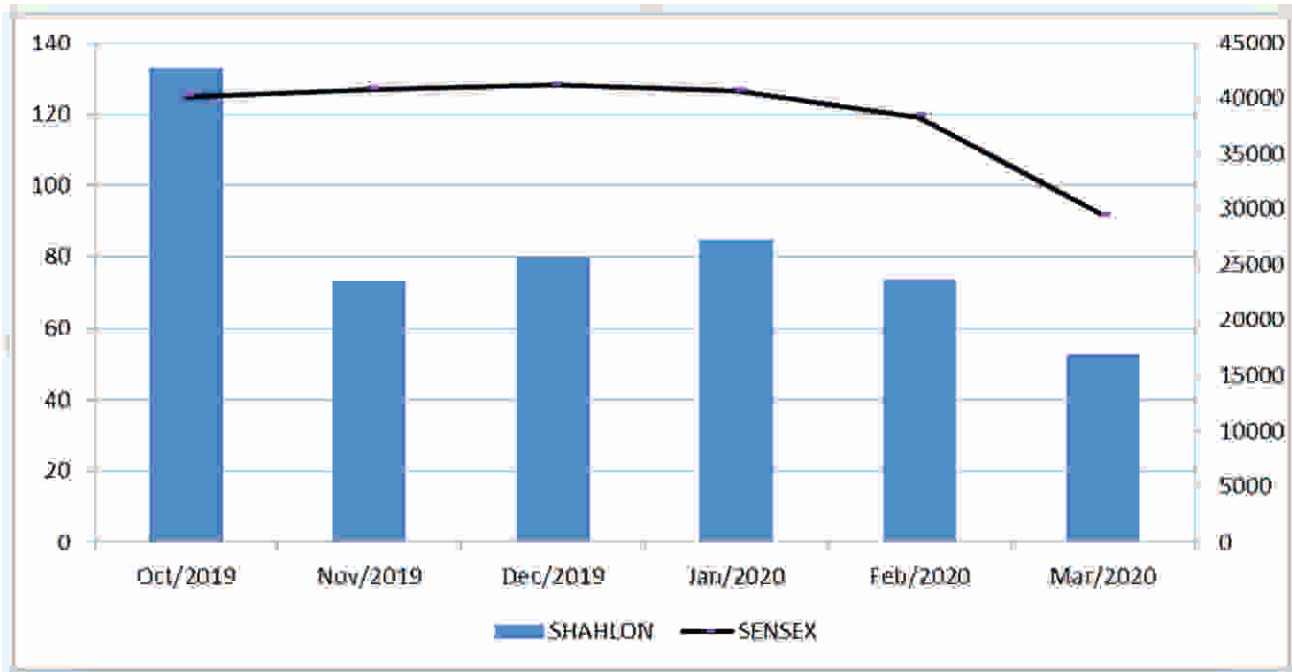
(g) Market Price Data:

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 2019-2020 are as under:-

Month	High	Low
April'2019	Fairdeal Filaments Ltd. was listed with BSE Limited (Bombay Stock Exchange) since 1994, which was merged with Shahlon Silk Industries Ltd. vide order dated 10th May, 2019 of Hon'ble National Company Law Tribunal, Ahmedabad Bench. After merger, Shahlon Silk Industries Ltd. is listed with BSE Limited w.e.f. 27th October, 2019.	
May'2019		
June'2019		
July'2019		
August'2019		
September'2019		
October'2019	138.00	118.65
November'2019	131.00	73.45
December'2019	79.70	60.00
January'2020	88.60	73.15
February'2020	84.95	72.70
March'2020	76.00	48.75

(h) Performance in comparison to broad based indices :

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



(i) Suspension from trading:

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

(j) 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

Website : www.bigshareonline.com

(k) Share Transfer System:

The transfer of shares in physical form is processed and completed by Registrar and Share Transfer Agent within a period of 15 (fifteen) days from the date of receipt thereof provided all the documents are in order. In case of shares in electronic form, the transfers are processed by National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) through respective Depository Participants.

(l) Shareholding:
Distribution of shareholding as on March 31, 2020:

Shareholding of Nominal value of Rs.	Shareholders		Shareholding	
	Number of shareholders	%	Number of shares	%
Up to 5000	2555	86.2011	366232	2.0505
5001 – 10000	116	3.9136	78510	0.4396
10001 – 20000	97	3.2726	122760	0.6873
20001 – 30000	28	0.9447	67845	0.3799
30001 – 40000	22	0.7422	75429	0.4223
40001 – 50000	14	0.4723	64210	0.3595
50001 – 100000	36	1.2146	248857	1.3933
100001 & above	96	3.2389	16836647	94.2676
Total	2964	100.00	17860490	100.00

(m) Dematerialization of shares:

98.53% of the outstanding Equity Shares have been dematerialised up to 31st March, 2020. All shares held by Promoters/Promoter Group Companies have been dematerialised. Trading in Equity Shares of the Company on the stock exchanges is permitted only in dematerialized form.

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

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

(o) 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.

(p) Plant Locations:

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

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

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

Plot No. 72 to 86, Sachin Apparel Park, Vanz Road, Village: Sachin, Taluka: Choryasi, Dist.: Surat, Gujarat

(q) 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

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

Long-Term Rating : 'CRISIL BB+/Stable' - Letter dated August 2, 2019

Short-Term Rating : 'CRISIL A4+' - Letter dated August 2, 2019

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 25 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:

Sr. No.	01
Actions taken by	Security and Exchange Board of India (SEBI)
Details of violation	<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>
Details of action taken E.g. fines, warning letter, debarment, etc.	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.
Observations/remarks of the Practicing Company Secretary, if any.	<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 www.shahlon.com (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) CEO/CFO Certification :

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, 2020 is attached herewith as per 'Annexure - A'.

(e) (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) of sub-regulation (2) of Regulation 46 and paragraph C, D and E of Schedule V of the SEBI (LODR) Regulations.

(ii) NON-MANDATORY/ DISCRETIONARY REQUIREMENTS:

- **Unqualified Financial Statements**

There are no qualifications in the Auditor's Report on the accounts for the financial year 2019-20.

- **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.

(f) Web-links:

1. Related party Transaction Policy:

<http://www.shahlon.com/reports/disclosure/Related-Party-Policy.pdf>

2. Material subsidiary – N.A.

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

(h) 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 - B'.

(i) 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 - C'.

(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, 2020. 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.

(j) Fees paid to Statutory Auditors :

Company has paid/to be paid aggregate fees of ₹ 4.25 lakhs to Statutory Auditors for all services.

(k) 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 2019-20.

11. NON-COMPLIANCE

There is no non-compliance of any of the requirements of corporate governance report as required under the Listing Regulations

For and on behalf of the Board of Directors

Shahlon Silk Industries Limited

Dhirajlal Raichand Shah

Executive Director

(DIN 00010480)

Place : Surat

Date : 12.11.2020

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** ('the Company') for the year ended on March 31, 2020, 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 and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, 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, 2020.

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

Place : Surat

Date : 10.11.2020

Bhairav H Shukla

Practising Company Secretary

FCS -6212

COP No.- 5820

UDIN: F006212B001203144

ANNEXURE - A

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, 2020 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

Shahlon Silk Industries Limited

Place : Surat

Date: 11/07/2020

(Arvind R. Shah)
Managing Director

(Satish H. Shah)
Chief Financial Officer

ANNEXURE - B

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 2020, 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.

Place : Surat

Date : 10.11.2020

Signature

BHAIRAV H SHUKLA

M.NO. F6212

CP NO. 5820

UDIN F006212B001203364

ANNEXURE - C

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, 2020.

For and on behalf of the Board of Directors

Shahlon Silk Industries Limited

Arvind Raichand Shah

Managing Director

(DIN 00010483)

Place : Surat

Date: 12th November 2020

ANNEXURE - 6

MANAGEMENT DISCUSSION AND ANALYSIS

Global Economy:

The global economy faced several challenges during the year 2019. Trade tensions between various nations, impending Brexit deal, risks of global recession, volatility in the crude oil market and various other geopolitical risks have negatively impacted world trade.

The rise in uncertainty because of these events has affected demand and therefore business sentiments. Investor confidence has fallen to a great extent, thereby shrinking investments in various sectors.

The struggling global economy was further worsened by the COVID-19 pandemic breakout and the economic shut down in advanced economies and other parts of the world

have disrupted billions of lives and are jeopardising decades of development progress.

The baseline forecast by World Bank envisions a 5.2% contraction in global GDP in 2020 – the deepest in eight decades. The global recession would be deeper, if bringing the pandemic under control took longer than expected, or if financial stress triggered cascading defaults. Adding fuel to the fire, an unprecedented collapse in oil demand, surge in oil inventories and steepest one month decline in oil prices have further escalated the economic distress. The fall in oil prices to some extent might help mitigate the misery of the emerging market and developing economies (EMDE) in their recovery path.

India's growth pattern (%)

	2017	2018	2019E	2020F	2021F
World	3.3	3.0	2.4	-5.2	4.2
EMDE	4.5	4.3	3.5	-2.5	4.6
India	7.0	6.1	4.2	-3.2	2.8

EMDE = Emerging Market and Developing Economies

Indian Economy

The Indian economy continued its growth trajectory by achieving 4.2% in 2019 though lower than estimated. A country-wide lock down was enforced by the government in late March 2020 due to the COVID-19 pandemic. The economic impact of this has been so devastating that manufacturing and services activity came to a grinding halt, resulting in demand falling to unprecedented lows that fed into PMI indices going into a free fall. The country is now faced with enormous job losses, migration of labour, increased expenses in medical and health infrastructure, lower tax collections and high fiscal deficit.

The Government of India has responded to this economic fallout by announcing two stimulus packages and liquidity easing measures to fuel the economic activity. The lockdown is being removed in a phased manner and efforts are being made to revive the manufacturing, services and other productive activities. However, with the resurgence of COVID-19 in China, New Zealand and the United States, with no cure or vaccine being found as yet, we are looking at uncertain and challenging times ahead.

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. It contributed 7% of the industry output (in value terms), 2% to the GDP of India and employed more than 45 million people in FY19. The sector contributed 15 per cent to India's export earnings in FY19.

With the ensuing lockdowns worldwide and in India, the impact has increased manifold. Even before COVID-19, India's textile exports and companies were grappling with muted growth; with the lockdowns, the situation has worsened.

The economy as a whole and the textile industry in particular are staring at lower domestic and international demand due to anticipation of recession and job losses, falling exports, shortage of workmen due to migration and impact on margins. In all this gloom, we also see a silver lining for the Indian textile industry.

1. Post the pandemic, many countries and companies are likely to expand their supply nations rather than relying on a few countries. India can gain out of this if it manages to stay competitive.
2. The man-made fiber and cotton fiber ratio globally is 70:30 whereas in India it 30:70. A focus on man-made fiber will increase consumption and also gain market share.
3. The Government of India in the Union Budget announced in February, 2020 gave a fillip to this by meeting a long-standing demand of the industry by removing anti-dumping duty on PTA, a basic raw material required for the manufacture of man-made fiber. The textile industry is also suffering from inverted duty structure of Goods and Service Tax (GST), which the government is actively considering neutralizing. The government is also formulating a new textile policy which is expected to help the textile Industry grows at double digit rates.

Risk and concerns:

Shahlon is engaged in Manufacture of fabric on water jet looms, air jet looms & rapier looms and various yarn preparatory activities like sizing, texturising, yarn dyeing, twisting, crape, ply yarn etc. The basic raw material for

manufacturing company's product is POY, FDY, PFY etc. The company is a Marketing agent of Reliance Industries Limited for yarn products and supplying yarn to various big players in the market. Fluctuating prices of raw material is a big concern for the industry which may strain the profitability margins. 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 has a robust internal control system commensurate with the size and scale of its operations. Roles and responsibilities are clearly defined and assigned. Standard operating procedures are in place by way of built in controls in ERP system and have been designed to provide a reasonable assurance. Internal audit is used as an effective tool to check and enhance efficacy of systems, processes and controls of the Company. The review plan, drawn in consultation with the senior management, covers all the major areas. These are aimed at giving the Audit Committee a reasonable assurance on the reliability of financial reporting and statutory & regulatory compliances, effectiveness and efficiency of your Company's operations. The Internal Financial Control Systems are reviewed periodically and revised to keep in tune with the changing business environment.

Financial Performance:

The brief summary of financial statement is reproduced hereunder:

(Rs. in Lakhs)

Particulars	FY2018-19	FY2018-19
Revenue from operation	53,144.39	38,214.68
Other Income	61.76	37.11
Total Revenue	53,206.14	38,251.80
EBITDA	3,772.61	3,251.97
PBT	488.86	112.61
PAT	372.99	25.41

Company has achieved turnover of Rs.38251.80 lakh as against Rs.53206.14 lakh in the previous year approx. 28% lower as compared to previous financial year. Reduction in the revenue is mainly due to reduction in trading turnover from Rs. 23074.40 lakh to Rs. 11249.52 lakh even domestic sale was marginally down by approx. 8% and export sale was down by 17% due to adverse market condition and COVID 19 which effected the last quarter of the year. Further the prices of synthetic yarns has corrected by an average 10% -15% as compared to last year average hence even the volume in manufacturing sale has increased / remained flat as compared to last year but due to the effect of the reduction in prices the growth in sale is not visible.

EBIDTA margin of the company has improved to Rs.3251.97 lakh (8.50%) in FY 2019-20 as compared to Rs.3772.62 lakh (7.09%) in FY 2018-19. Profitability has been affected mainly on account of reduction in volume even after improved EBIDTA margins. Profit before tax for the financial year under review was Rs.112.61 lakh decreased from Rs.488.86 lakh for the previous year. The Company has earned a Net Profit after tax of Rs.25.41 lakh decreased from Rs.372.99 lakh compared to previous year.

Credit Ratings

As on 31.03.2020, for long term bank facilities of the company has been rated by CRISIL Limited. Long term rating has been assigned BB+ / Stable and short term rating A4+.

Outlook:

The company is taking all efforts to improve the quality and productivity to get more orders at competitive rates. The expansion program by improving efficiency by installation of new and high tech machinery will push volume growth. The company's business is committed to achieve world benchmark quality besides expanding on new product offering from new clients. Further the business will continue to focus on improving its cost competitive position. These measures will ensure the company maintaining its leadership position in the world market. Due to own manufacturing facilities, the company is able to maintain safety of products, high quality & productivity in the finished goods manufactured. Barring unforeseen circumstances the company is confident of achieving better results in the current year.

Human Resource Development/Industrial Relations:

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

Forward Looking Statement – Cautionary Statement:

Certain 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, 2020**, 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 "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statement give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 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 statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In the audit of the current period, we do not have observed any key audit matters required to be reported separately.

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

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

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

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)(l) 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, based on our audit, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c) The 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, 2020 taken on

record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
- g) With respect to the other matters to be included in the Auditor's Report in accordance with 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.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Company does not have any pending litigation which would materially impact its Financial position; (Refer Point XV of Notes to Accounts)
 - ii. The company did not have any long-term contracts including derivative contracts for which they were any material foreseeable losses under the applicable law or accounting standards.
 - iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the company.

For, Rasesh Shah & Associates

Chartered Accountants

Firm Reg. No.: : 0108671W

(Rasesh B. Shah)

Partner

Membership No.: 034217

UDIN : 20034217AAAAAF4061

Place : Surat

Date : 11th July, 2020

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, 2020, we report that:

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to information and explanations given to us, all the assets have been physically verified by the management during the year, there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties other than self-constructed immovable property (buildings), as disclosed in fixed assets to the financial statements, are held in the name of the company.
- (ii) (a) According to information and explanations give to us, the management of the company has conducted physical verification at reasonable intervals of inventories during the period and the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to nature and size of the company and no material discrepancies have been noticed during such verification.
- (iii) (a) In our opinion and according to the information and explanation given to us, the company has not granted any loan secured or unsecured to the companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (b) As the company has not granted any loan as specified in Paragraph (iii) (a), reporting under Paragraph (iii) (b) and (iii) (c) of Companies (Auditor’s Report) Order, 2016 is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced any loan under section 185 and 186 of the Act. However, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 with respect to investments made, guarantee given and security provided.
- (v) The company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2020 as per the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the company.
- (vi) We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2014 prescribed by the Central Government under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom duty, Excise duty, VAT, Cess and any other Statutory dues to the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are dues of Income Tax, Excise Duty have not been deposited as at March 31, 2020 on account of any dispute are given below:

Nature of Dues	Period to which dispute relates	Forum where dispute is pending	Amount under dispute
Excise Duty including penalty	AY 2018-19	Central Excise & Service Tax Appellate Tribunal	9.61 Lakhs
Excise Duty including penalty	AY 2017-18	Central Excise & Service Tax Appellate Tribunal	33.32 Lakhs
Income Tax	AY 2012-13	Commissioner of Income Tax (Appeals)	23.59 Lakhs
Customs	A.Y.2015-16	Commissioner of Customs (Appeal)	2.58Lakhs

(viii) The company has not defaulted in repayment of any loans or borrowings taken from any financial institution, banks, government or debenture holders during the year. The company has not issued debentures during the year.

(ix) The company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph (ix) of Order is not applicable. The term loans/ working capital loans obtained during the year have been applied for the purpose which they were raised.

(x) According to the information and explanation given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.

(xi) In our opinion and according to the information and explanations given to us, the company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with rule Schedule V to the Act.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company in terms of section 406 of the Companies Act, 2013. Accordingly, paragraph (xii) of the order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where

applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Consequently, requirements of clause (xiv) of paragraph 3 of the order are not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the company, the Company has not entered into non-cash transactions with directors or persons connected with them covered u/s. 192 of the Act. Accordingly, paragraph (xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For, Rasesh Shah & Associates

Chartered Accountants

Firm Reg. No.: 0108671W

(Rasesh B. Shah)

Partner

Membership No.: 034217

UDIN : 20034217AAAAAF4061

Place : Surat

Date : 11th July, 2020

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”)

We have audited the internal financial controls over financial reporting of **SHAHLON SILK INDUSTRIES LIMITED** (“the Company”) as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls:

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘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.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all

material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For, Rasesh Shah & Associates

Chartered Accountants

Firm Reg. No.: : 0108671W

(Rasesh B. Shah)

Partner

Membership No.: 034217

UDIN : 20034217AAAAAF4061

Place : Surat

Date : 11th July, 2020

BALANCE SHEET
AS AT 31ST MARCH, 2020

(₹ in Lakhs)

PARTICULARS	Note No.	As at March 31, 2020	As at March 31, 2019
I. ASSETS			
(1) NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	1	11,089.08	11,936.49
(b) Capital Work in Progress	1	432.18	64.65
(c) Intangible Assets	1	30.99	40.05
(d) Intangible Assets under Development	1	-	-
(e) Financial Assets			
(i) Investments	2	79.48	70.36
(ii) Other Financial Assets	3	143.17	181.95
(f) Other Non-Current Assets	4	799.82	1,085.59
Total Non-Current Assets		12,574.72	13,379.10
(2) CURRENT ASSETS			
(a) Inventories	5	5,209.35	5,333.95
(b) Financial Assets			
(i) Trade Receivables	6	10,384.23	11,203.38
(ii) Cash & Cash Equivalents	7	18.18	39.10
(iii) Bank Balance other than (ii) above	8	165.20	34.25
(iv) Loans		-	-
(v) Other Financial Assets		-	-
(c) Current Tax Assets (Net)		-	-
(d) Other Current Assets	9	926.17	1,371.04
Total Current Assets		16,703.14	17,981.72
TOTAL ASSETS		29,277.86	31,360.82
II. EQUITY AND LIABILITIES			
(1) EQUITY			
(a) Equity Share Capital	10	1,786.05	1,115.23
(b) Other Equity		7,227.16	7,864.21
Total Equity		9,013.21	8,979.44
LIABILITIES			
(2) NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	11	5,121.36	6,753.51
(ii) Other Financial Liabilities		-	-
(b) Provisions		-	-
(c) Deferred Tax Liabilities (Net)	12	157.49	168.48
(d) Other Non Current Liabilities	13	197.66	204.25
Total Non-Current Liabilities		5,476.51	7,126.23

(₹ in Lakhs)

PARTICULARS	Note No.	As at March 31,2020	As at March 31,2019
(3) CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	14	9,437.41	9,781.06
(ii) Trade Payables	15		
- Micro and Small Enterprises		155.10	22.60
- Others		3,948.25	3,575.15
(iii) Other Financial Liabilities		-	-
(b) Other Current Liabilities	16	1,274.53	1,862.35
(c) Provisions		-	-
(d) Current Tax Liabilities (Net)		(27.15)	13.98
Total Current Liabilities		14,788.13	15,255.15
TOTAL EQUITY AND LIABILITIES		29,277.86	31,360.82

Notes to Accounts & Significant Accounting Policies

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

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

CA Rasesh B. Shah
Partner
M.NO. : 034217
UDIN : 20034217AAAAAF4061
Place : Surat
Date : 11.07.2020

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

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

PARTICULARS	Note No.	2019-20	2018-19
I. INCOME			
Revenue from Operations			
Revenue From Operation	17	38,214.68	53,144.39
Other Income	17	37.11	61.76
Total Revenue		38,251.80	53,206.14
II. EXPENSES			
Cost of Materials Consumed	18	16,233.11	18,480.96
Purchase of Stock-in-trade		10,999.69	22,621.96
Change in Inventories of Finished Goods, Stock-in-trade & Work-in-progress	19	(327.18)	(356.56)
Employee Benefits Expenses	20	3,281.88	3,332.72
Finance Costs	21	1,822.00	1,830.53
Depreciation and Amortisation Expense	22	1,317.36	1,453.22
Other Expenses	23	4,812.32	5,354.46
Total Expenses		38,139.19	52,717.28
III. Profit before Exceptional and Extraordinary Items and Tax (I-II)		112.61	488.86
IV. Tax Expenses - Current Tax		98.18	112.12
- Excess provision/shortfall for taxation		-	5.56
- Excess provision/shortfall for Depreciation		-	-
- Deferred Tax		(10.98)	(1.80)
Profit for the Period		25.41	372.99
V. Other Comprehensive Income			
(I) Items that will not be reclassified to profit or loss		115.84	29.30
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	9.95
(iii) Items that will be reclassified to profit or loss		-	-
(iv) Income tax relating to items that will be reclassified to profit or loss		-	-
Total Comprehensive Income for the year (Net of Tax)		115.84	19.35
VI. Total Comprehensive Income for the year		141.25	392.34

(₹ in Lakhs)

PARTICULARS	Note No.	2019-20	2018-19
VII. Earnings Per Equity Share :			
(i) Basic	24	0.15	3.34
(ii) Diluted		0.15	2.09

Notes to Accounts & Significant Accounting Policies

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

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

CA Rasesh B. Shah
Partner
M.NO. : 034217
UDIN : 20034217AAAAAF4061
Place : Surat
Date : 11.07.2020

For and on behalf of the Board
Shahlon Silk Industries Limited

Dhirajlal R. Shah
Director
DIN : 00010480

Arvind R. Shah
Managing Director
DIN : 00010483

Hitesh K. Garmora
Company Secretary

Satish H. Shah
Chief Financial Officer

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2020

PARTICULARS	2019-2020 (₹ in Lakhs)	2018-2019 (₹ in Lakhs)
(A) Cash Flow from Operating Activities :		
Net profit before Tax and Extraordinary Items	228.45	508.21
<u>Adjusted For :</u>		
Depreciation	1,317.36	1,453.22
Interest Paid	1,822.00	1,830.53
Proportionate Capital Subsidy on Plant Machinery	(6.59)	(6.59)
Extra ordinary item ((Profit)/loss on sale of assets)	(12.23)	(23.15)
Operating Profit before Working Capital Charges	3,348.99	3,762.22
<u>Adjusted For :</u>		
Trade and other receivables	1,264.03	(829.81)
Inventories	124.59	(190.10)
Trade payables & Provisions	(123.36)	2,337.09
Cash Generated From Operations	4,614.24	5,079.40
Interest Paid on operations	(1,559.48)	(1,581.40)
Cash flow before Extraordinary items	3,054.76	3,498.01
Short Provision for taxation (Earlier Year)	-	(5.56)
Current tax	(98.18)	(112.12)
Net Cash from Operating Activities	2,956.58	3,380.32
(B) Cash Flow from Investing Activities		
Purchase of Fixed Assets	(872.90)	(440.11)
Sales of Fixed Assets	56.71	58.54
(Purchase) / Sales of Investments	(9.12)	(0.30)
Long Term Advances	302.30	(174.47)
Net Cash used in Investing Activities	(523.01)	(556.34)
(C) Cash Flow from Financing Activities		
Repayment of Finance / Lease / Loan (Net)	(1,632.14)	(2,393.18)
Short Term Loan	(343.65)	(86.12)
Interest Paid on Term Loan	(262.52)	(249.13)
Dividend Paid including Dividend Distribution Tax	(107.48)	(91.02)
Net Cash used in Financial Activities	(2,345.80)	(2,819.45)

PARTICULARS	2019-2020 (₹ in Lakhs)	2018-2019 (₹ in Lakhs)
NET INCREASE IN CASH & CASH EQUIVALENTS (A)+(B)+(C)	87.78	4.53
Opening Cash and Cash Equivalents	125.23	120.70
Closing Cash and Cash Equivalents	213.01	125.23

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
UDIN : 20034217AAAAAF4061
Place : Surat
Date : 11.07.2020

For and on behalf of the Board
Shahlon Silk Industries Limited

Dhirajlal R. Shah
Director
DIN : 00010480

Arvind R. Shah
Managing Director
DIN : 00010483

Hitesh K. Garmora
Company Secretary

Satish H. Shah
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2020

A. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Balance at the beginning of the reporting period i.e. 1st April 2019	Changes in equity share capital during the year 2019-20	Balance at the end of the reporting period 31st March 2020
1115.23	670.82	1786.05

B. OTHER EQUITY

(₹ in Lakhs)

	Reserve and Surplus		Capital Reserve on Amalgamation	Equity Share Pending Allotment	Revaluation Surplus	Other Comprehensive Income	Total
	Securities Premium Reserve	Retained Earnings					
As on 31st March, 2019							
Balance as at 01.04.2019	310.86	1,883.96	4,421.69	670.82	567.55	9.34	7,864.21
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	25.41	-	-	-	-	25.41
Dividends	-	(89.30)	-	-	-	-	(89.30)
Tax on Dividends	-	(18.18)	-	-	-	-	(18.18)
Transfer to retained earnings	-	29.99	-	-	(29.99)	-	-
On Issue of Bonus Share	-	-	-	-	-	-	-
Transferred to issued capital	-	-	-	(670.82)	-	-	(670.82)
Movement in OCI during the year	-	-	-	-	-	115.84	115.84
Balance at the end of the reporting period 31.03.2020	310.86	1,831.87	4,421.69	-	537.56	125.18	7,227.16

Notes to Accounts & Significant Accounting Policies

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

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

CA Rasesh B. Shah
Partner
 M.NO. : 034217
 UDIN : 20034217AAAAAF4061
 Place : Surat
 Date : 11.07.2020

 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

1. PROPERTY, PLANT & EQUIPMENT (₹ in Lakhs)

SR. NO.	PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK			
		As at 01.04.2019	Addition	Disposals	As at 31.03.2020	Upto 31.03.2019	For the Period	Deduct	Upto 31.03.2020	As At 31.03.2020	As At 31.03.2019
	TANGIBLE ASSETS: -										
1	LEASE-HOLD LAND [Value of the land is represented in the form of shares allotted by the Lessor in consideration of the lease rights given to the Lessee]										
2	Land	2,092.78	13.45	-	2,106.23	-	-	-	-	2,106.23	2,092.78
3	Lease Hold Land Apparel Park (SEZ)	1,085.69	-	-	1,085.69	-	-	-	-	1,085.69	1,085.69
4	Building	4,146.45	235.32	-	4,381.77	1,849.59	289.65	-	2,139.24	2,242.53	2,296.86
5	Plant & Machinery	11,266.36	201.99	102.10	11,366.25	6,282.59	770.72	65.19	6,988.13	4,378.13	4,983.77
6	Wind Mill	2,410.30	2.00	-	2,412.31	1,190.90	165.45	-	1,356.35	1,055.95	1,219.40
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	192.63	10.62	1.69	201.56	161.81	13.59	1.48	173.92	27.64	30.82
10	Computer	230.38	2.45	-	232.83	201.87	12.93	-	214.80	18.03	28.52
11	Vehicles	392.90	35.87	66.09	362.68	246.19	40.78	58.74	228.22	134.46	146.72
12	Furniture & Fixtures	118.28	1.27	-	119.55	97.46	5.16	-	102.62	16.93	20.82
13	Beam Pipe	128.78	2.40	-	131.17	98.41	10.02	-	108.43	22.74	30.37
	SUB-TOTAL (A):-	22,068.74	505.37	169.88	22,404.22	10,132.25	1,308.30	125.41	11,315.15	11,089.08	11,936.49
	INTANGIBLE ASSETS: -										
1	Computer (Intangible)	92.96	-	-	92.96	52.92	9.06	-	61.98	30.99	40.05
	SUB-TOTAL (B):-	92.96	-	-	92.96	52.92	9.06	-	61.98	30.99	40.05
	GRAND TOTAL (A+B):-	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
	Last Year Detail (₹ in lakhs)										
		21,714.40	584.77	137.47	22,161.70	8,819.65	1,453.22	87.70	10,185.17	11,976.54	12,894.75

Notes:

- For properties pledged as securities Refer Note No. 11.
- Depreciation on revalued portion of Fixed Assets calculated on written down method over balance useful life of assets, is transferred from revaluation reserve to the Profit & Loss Amounting to ₹ 29.99 lakhs (P.Y. ₹ 33.81 lakhs)
- The company has acquired 99 year's leasehold right of Plot No. Composite Unit 1 & 2, Plot Nos. 3, 4, 5/A & 15, Fairdeal Textile Park, Village: Mahuvej, Taluka: Mangrol, Dist.: Surat, by subscribing to the shares of Fairdeal Textile Park Pvt. Ltd. All the risk and rewards of the leasehold land has been transferred to the Company. The life of leasehold land has been considered beyond estimate because of the period of lease being 99 years and renewable thereafter gives the Company ownership of the plot in perpetuity. The leasehold land has been recognised as finance lease at nil value and the value of shares by virtue of which the Company acquired the leasehold right has been recognised in non-current asset at their historical cost.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

PARTICULARS	As at March 31,2020	As at March 31,2019
2 NON CURRENT INVESTMENTS		
31500 (31500) Shares of Fairdeal Eco Infra Pvt. Ltd.	3.15	3.15
54830 (44280) Shares of The Cosmos Co-Op. Bank Ltd.	69.93	59.38
Capital Contribution of Shahlon Enterprises LLP	1.90	1.90
SBI Blue Chip Fund	4.51	5.94
TOTAL	79.48	70.36

PARTICULARS	As at March 31,2020	As at March 31,2019
3 OTHER FINANCIAL ASSETS		
Bank Deposits with more than 12 months maturity	29.63	51.89
Agency Deposits	113.55	130.07
TOTAL	143.17	181.95

PARTICULARS	As at March 31,2020	As at March 31,2019
4 OTHER NON CURRENT ASSETS (Unsecured and Considered Good)		
Keyman Insurance Premium	196.85	313.64
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	211.77	380.76
TOTAL	799.82	1,085.59

PARTICULARS	As at March 31,2020	As at March 31,2019
5 INVENTORIES		
Raw Materials	1,129.13	1587.19
Work-in-progress	220.40	277.63
Finished Goods	3,162.21	2580.32
Stock- in-trade	361.08	558.55
Consumable Stores etc.	336.53	330.26
TOTAL	5,209.35	5333.95

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

PARTICULARS	As at March 31,2020	As at March 31,2019
6 TRADE RECEIVABLES (Unsecured and Considered Good)		
Trade Receivables		
Considered Good	10,384.23	11,203.38
Considered Doubtful	63.69	34.12
Less: - Allowance for Doubtful Debt	(63.69)	(34.12)
TOTAL	10,384.23	11,203.38

PARTICULARS	As at March 31,2020	As at March 31,2019
7 CASH AND CASH EQUIVALENTS		
a) Balance with Banks in Current Accounts	1.58	8.40
a) Balance with Banks in Unpaid Dividend Accounts	12.83	14.13
b) Cash in Hand	3.77	16.56
TOTAL	18.18	39.10

PARTICULARS	As at March 31,2020	As at March 31,2019
8 OTHER BANK BALANCE		
Fixed Deposit with scheduled Bank	165.20	34.25
TOTAL	165.20	34.25

PARTICULARS	As at March 31,2020	As at March 31,2019
9 OTHER CURRENT ASSETS (Unsecured and Considered Good)		
VAT Receivables	13.16	6.31
Prepaid Expenses	46.92	31.75
Cenvat Availed	3.23	2.46
GST Receivables	151.18	222.93
Advances Against Goods	88.77	146.43
Interest Subsidy Receivables (Refer Note 9.1)	216.41	224.36
Export Excise Rebate/GST Receivable	118.94	215.83
Others (Refer Note 9.2)	238.30	471.70
MAT Credit Entitlement	49.28	49.28
TOTAL	926.17	1,371.04

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2020

- 9.1 The Interest subsidy claim amounting to ₹ 209.50 Lacs was submitted to Ministry of Textile through bank out of which amount of ₹ 88.14 Lacs has been provided in the books of accounts is pending to be received. Considering the prolonged process and resultant uncertainty, the company had discontinued accounting for further accrual of interest subsidy claim under TUF, following conservatism.
- 9.2 Others includes Loans and Advances given to employees amounting to ₹ 10.31 lakhs (P.Y. ₹ 53.06 lakhs) valued at the actual amount of outflow.

PARTICULARS	(₹ in Lakhs)	
	As at March 31,2020	As at March 31,2019
10 EQUITY SHARE CAPITAL		
<u>Authorised</u>		
3,20,00,000 Equity Shares of ₹ 10/- each (P.Y. 3,20,00,000 Equity Shares of ₹ 10/- each)	3,200.00	3,200.00
TOTAL	3,200.00	3,200.00
 Issued, Subscribed and Fully Paid-up		
1,78,60,490 Equity Shares of ₹ 10/- each (P.Y. 1,11,52,250 Equity Shares of ₹ 10/- each)	1,786.05	1,115.23
TOTAL	1,786.05	1,115.23

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2020

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

Sr. No.	Name of Shareholder	31/03/2020		31/03/2019	
		Number of shares	Percentage	Number of shares	Percentage
1	NITIN RAICHAND SHAH J/W. MINAXI NITIN SHAH	17,17,256	9.61	15,61,700	14.00
2	JAYANTILAL RAICHAND SHAH J/W. DAMYANTI JAYANTILAL SHAH	13,44,195	7.53	11,99,750	10.76
3	MAHENDRA RAICHAND SHAH J/W. MEENA MAHENDRA SHAH	12,80,031	7.17	11,24,475	10.08
4	DHIRAJLAL RAICHAND SHAH J/W. KANCHAN DHIRAJLAL SHAH	11,22,980	6.29	9,78,535	8.77
5	DIPAN JAYANTILAL SHAH J/W. SONAL DIPAN SHAH	10,31,033	5.77	9,06,810	8.13
6	ARVIND RAICHAND SHAH J/W. AVANI ARVIND SHAH	7,07,180	3.96	6,62,735	5.94

• A Reconciliation Statement of No. of Outstanding Shares

(₹ in Lakhs)

PARTICULARS	As at March 31,2020	As at March 31,2019
Equity Shares Outstanding at the beginning of the year	1,11,52,250	1,11,52,250
Equity Shares Issued during the year (Refer note 10.2)	67,24,240	-
Equity Shares cancelled held by transferor company (Refer note 10.2)	16,000	-
Equity Shares Outstanding at the end of the year	1,78,60,490	1,11,52,250

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

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

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

PARTICULARS	As at March 31,2020	As at March 31,2019
<u>OTHER EQUITY</u>		
<u>Capital Reserve on Amalgamation</u>		
Opening Balance	4,421.69	4,421.69
TOTAL (A)	4,421.69	4,421.69
Equity Shares Pending Allotment (Pursuant to Merger)	-	670.82
<u>Securities Premium Reserve</u>		
Opening Balance	310.86	310.86
Add: Addition during the year	-	-
Less: Amount capitalised on Issue of Bonus Shares	-	-
TOTAL (B)	310.86	310.86
<u>Revaluation Reserve Account</u>		
Opening Balance	567.55	601.36
Add: Addition during the year	-	-
Less: Transfer to Profit and Loss A/C	-	-
Less: Reversal during the year	(29.99)	(33.81)
TOTAL (C)	537.56	567.55
<u>Retained Earnings</u>		
As per Last Balance Sheet	1,883.96	1,568.18
Add : Profit/(Loss) for the year	25.41	372.99
Add : Depreciation on Fixed Assets Revaluation	29.99	33.81
Less : Amount capitalised on Issue of Bonus Shares		
Dividend Paid during the year	89.30	75.63
Tax on Dividend Paid	18.18	15.40
TOTAL (D)	1,831.87	1,883.96
<u>Other Comprehensive Income (OCI)</u>		
As Per Last Balance Sheet	9.34	(10.01)
Add: Movement in OCI during the year	115.84	19.35
TOTAL (E)	125.18	9.34
TOTAL (A+B+C+D+E)	7,227.16	7,864.21

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

PARTICULARS	As at March 31,2020	As at March 31,2019
11 FINANCIAL LIABILITIES		
BORROWING		
Secured - At amortised cost		
* (a) Term Loan		
Bank of Baroda (Refer Note No. 11.2.d)	177.79	218.46
The Cosmos Co-op. Bank Ltd. (Refer Note No. 11.2.a)	1,540.05	1,860.87
Mortgage Loan from The Cosmos Co-op. Bank Ltd. (Refer Note No. 11.2.b)	1,703.65	876.05
* (b) Corporate Loan		
Bank of Baroda (Refer Note No. 11.2.d)	649.94	710.70
* (c) Vehicle Loan		
Vehicle Loan (Refer Note No. 11.2.c)	21.30	31.27
TOTAL (A)	4,092.73	3,697.34
Unsecured - At amortised cost		
(a) From Company / Bank / LIC of India	1,007.13	1,367.11
(b) From Directors / Promoters and their relatives	21.50	1,689.05
TOTAL (B)	1,028.63	3,056.16
TOTAL (A+B)	5,121.36	6,753.51

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	824.31	3,268.42	4,092.73
Long Term Unsecured Loan	1,028.63	-	1,028.63

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)** Mortgage Loan facility from The Cosmos Co-op. Bank Ltd. is secured by Equitable Mortgage of Industrial open Land situated at Plot No. 1, Block No. 75, Plot No. 2, Block No. 75, Plot No. 1/B, Block No. 76, Plot No. 1 to 13, Block No. 81, Plot No. 14 to 21, Block No. 81, Village: Karanj, Taluka: Mandvi, Dist.: Surat.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2020

- c) Vehicle Loans are Secured by Hypothecation of Vehicles
- d) Term Loan and Corporate Loan facilities from Bank of Baroda is secured by Hypothecation of Raw Materials, Stock-in-Process, Finished Goods, 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 ₹ 789.88lakhs Repayable/ redeemable within one year , which is shown in Other Current Liabilities under Current Maturities of Long Term Debts.

(₹ in Lakhs)

PARTICULARS	As at March 31,2020	As at March 31,2019
12 DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liability/(Assets) on account of :		
Depreciation on Fixed Assets	174.44	198.84
Unabsorbed Depreciation	-	-
Provisions for Bad Debts	(21.26)	(11.39)
Provision for Bonus	-	(3.76)
Provision for Leave	(1.82)	(2.61)
Provision for Gratuity	9.22	(17.95)
Ind AS adjustment due to Fair value of Investments	(3.09)	5.35
Deferred Tax Liabilities(Net) TOTAL	157.49	168.48

PARTICULARS	As at March 31,2020	As at March 31,2019
13 OTHER NON CURRENT LIABILITIES		
Capital Subsidy under TUF		
Opening Balance	204.25	210.84
Add : Addition during the year	-	
Less : Proportionate Capital Subsidy transferred to Profit and Loss Account	(6.59)	(6.59)
TOTAL	197.66	204.25

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

PARTICULARS	As at March 31,2020	As at March 31,2019
14 SHORT TERM BORROWING		
Secured		
Working Capital Loan		
Bank of Baroda Rupee Loan (Refer Note No. 14.1.e)	2,422.52	2,458.73
Cosmos Bank Rupee Loan (Refer Note No. 14.1.a)	4,553.93	4,858.67
Cosmos Bank PCFC/PSCFC Loan (Refer Note No. 14.1.a)	867.72	606.52
Foreign Bills under LC Discounting (Refer Note No. 14.1.b)	396.29	616.92
Short Term Loan from State Bank of India (Under Channel Financing) (Refer Note No. 14.1.c)	-	444.90
Short Term Loan from ICICI Bank Ltd. (Under Channel Financing) (Refer Note No. 14.1.d)	1,196.95	-
Unsecured		
Short Term Loan from ICICI Bank Ltd. (Under Channel Financing)	-	795.32
TOTAL	9,437.41	9,781.06

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 State Bank of India was secured by hypothecation over receivables created out of working capital limit under e-DFS Scheme for Reliance agency business for Polymer & Polyester products.
- d) Channel Finance Limit from ICICI Bank is secured by Lien marked over Fixed Deposit of ₹ 100 Lakhs with the Bank
- e) 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.

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

PARTICULARS	As at March 31,2020	As at March 31,2019
15 TRADE PAYABLES		
(a) Micro and Small Enterprises (Refer Footnotes (i) and (ii))	155.10	22.60
TOTAL (A)	155.10	22.60
(b) Other		
(i) For Goods & Other Purchases	3,371.58	2,945.58
(ii) For Expenses	576.67	629.57
TOTAL (B)	3,948.25	3,575.15
TOTAL (A+B)	4,103.35	3,597.75

Footnotes:

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

PARTICULARS	As at March 31,2020	As at March 31,2019
(a) The principal amount remaining unpaid to supplier as at the end of the accounting year	155.10	22.60
(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, 2020

(₹ in Lakhs)

PARTICULARS	As at March 31,2020	As at March 31,2019
16 OTHER CURRENT LIABILITIES		
Advance From Customers	251.61	86.83
Other Payables	108.75	110.87
Provision for earned Leave	5.44	7.81
Provision for earned Bonus	11.05	11.28
Provision for gratuity	(27.63)	53.78
Current Maturities of Long Term Secured Loan	789.88	1,381.83
Current Maturities of Long Term Unsecured Loan	-	115.29
Interest accrued but not due on borrowings	82.97	3.44
Unclaimed Dividend	12.83	14.13
Statutory dues towards TDS/GST etc.	39.62	77.09
TOTAL	1,274.53	1,862.35

PARTICULARS	2019-20	2018-19
17 REVENUE FROM OPERATIONS		
Sale of Products	36,898.38	51,727.66
Add : Job Work Income	352.42	175.55
TOTAL (A)	37,250.80	51,903.21
Other Operating Revenue		
Sale of Power/Windmill Energy (Captive Consumption)	589.41	582.83
Profit/(Loss) on sale of Assets / Investment	102.78	23.28
Dividend	0.0002	1.17
Other Operating Income	73.23	78.59
Proportionate Capital Subsidy on Plant & Machinery	6.59	6.59
Factory Shed Rent	2.17	37.79
Commission Income Net	111.62	382.82
Income/(Loss) from Currency Swap / Exch. Variance	78.08	128.12
TOTAL (B)	963.88	1,241.18
Other Income		
Interest	38.55	61.45
Fair value increase in Investment	(1.43)	0.30
TOTAL (C)	37.11	61.76
TOTAL (A+B+C)	38,251.80	53,206.14

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2020

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	2019-20	2018-19
18 COST OF MATERIALS CONSUMED		
Raw Material Consumed (Indigenous)	16,135.05	18,243.93
Raw Material Consumed (Imported)	98.06	237.03
TOTAL	16,233.11	18,480.96

PARTICULARS	2019-20	2018-19
18.1 Opening Stock	1,587.19	1,662.77
Purchase Indigenous	15,729.23	18,158.60
Purchase Imported	45.82	246.77
	17,362.25	20,068.15
Less : Closing Stock	1,129.13	1,587.19
TOTAL	16,233.11	18,480.96

PARTICULARS	2019-20	2018-19
19 Change in Inventories of Finished Goods, Stock-in-trade & Work-in-progress		
FINISHED GOODS		
A. Opening Stock		
WIP Goods	277.63	277.64
Finished Goods / Stock in Trade	3,138.87	2,782.30
TOTAL (A)	3,416.51	3,059.94
B. Closing Stock		
WIP Goods	220.40	277.63
Finished Goods / Stock in Trade	3,523.29	3,138.87
TOTAL (B)	3,743.69	3,416.51
(INCREASE)/DECREASE IN STOCK	TOTAL (A-B)	
	(327.18)	(356.56)

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

PARTICULARS	2019-20	2018-19
20 EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages and Bonus	3,049.04	3,113.35
Contribution to Provident & Superannuation Fund	129.52	103.23
Group Gratuity Premium Expense	41.78	45.51
Staff Welfare Expenses	61.55	70.62
TOTAL	3,281.88	3,332.72

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	2019-20	2018-19
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20.1 Defined Benefit Plan

Reconciliation of opening and closing balances of Defined benefit obligation

Defined Benefit Obligation at beginning of the year	331.18	322.22
Add : Current service cost	37.48	43.00
Interest Cost	26.49	24.40
Actuarial (Gain)/Loss	(138.34)	(42.03)
Benefits paid	(20.29)	(16.40)
Defined Benefit Obligation at end of the year	236.53	331.18

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

	Gratuity (Funded)	Gratuity (Funded)
Opening value	277.41	272.17
Contributions of Employer	7.34	8.40
Investment Income (calculated @ 8%, which is the discount rate)	22.19	13.43
Return on plan assets, excluding amount recognized in net interest expense	(22.49)	(7.33)
Benefits paid	(20.29)	(16.40)
Fair value of Plan Assets at end of the year	264.16	277.41
Return on plan assets, excluding amount recognized in net interest expense	(22.49)	(7.33)

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

PARTICULARS	2019-20	2018-19
Reconciliation of fair value of Assets and Obligations	Gratuity (Funded)	Gratuity (Funded)
Fair Value of Plan Assets	264.16	277.41
Present Value of Defined Benefit Obligation	236.53	331.18
Amount recognized in Balance sheet [Surplus/Deficit]	(27.63)	53.78
Expenses recognised during the year	Gratuity (Funded)	Gratuity (Funded)
In Income Statement		
Current Service Cost	37.48	43.00
Interest Cost	26.49	15.95
Investment Income	(22.19)	(13.43)
Net Cost	41.78	45.51
In Other Comprehensive Income		
Actuarial (Losses)/Gain	(115.85)	(34.70)
Net Income/(Expenses) for the year recognized in OCI	(115.85)	(34.70)

PARTICULARS	2019-20	2018-19
21 FINANCE COST		
Bank Charges	78.29	50.67
Term Loan Interest	262.52	249.13
Working Capital Interest	951.58	943.97
Interest on Unsecured Loan	172.43	381.52
Interest Paid to Suppliers of Goods	210.75	96.36
Bill Discounting Interest	141.20	101.72
Interest On Vehicle Finance	5.22	7.15
TOTAL	1,822.00	1,830.53

PARTICULARS	2019-20	2018-19
22 DEPRECIATION AND AMORTISATION EXP.		
Depreciation for the period	1,317.36	1,453.22
Less : Depreciation Withdrawn from revaluation reserve	-	-
Excess depreciation for assests with no residule life as on 01.04.2014 written off	-	-
TOTAL	1,317.36	1,453.22

NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

PARTICULARS	2019-20	2018-19
23 OTHER EXPENSES		
<u>Other Manufacturing Expenses</u>		
Consumable Stores (Refer Note No. 23.3 to 23.5)	1,141.39	1,455.30
Power and Fuel	2,044.35	2,066.48
Repairs - Plant & Machinery	134.69	170.78
- Buildings	41.32	42.63
Factory Expense	172.18	174.53
Job Charges	84.34	110.89
Leave & License Agreement	-	0.10
Wind Mill Exp.	179.77	187.87
TOTAL (A)	3,798.05	4,208.59
 <u>Windmill Expenses</u>		
Lease Rent	1.38	1.44
Insurance	2.20	1.93
Repairs & Maintenance	105.16	101.88
Professional Expenses	1.07	1.14
Fees & Taxes	0.52	-
Term Loan Interest	69.45	81.49
	179.77	187.87
 <u>Selling & Distribution Expenses</u>		
Tempo Freight and Octroi	189.26	221.14
Bad Debts	29.57	34.12
Advertisement Expense	51.41	50.30
Brokerage Expenses	128.94	183.82
TOTAL (B)	399.18	489.38

NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

PARTICULARS	2019-20	2018-19
<u>Administrative & Other Expenses</u>		
Rent	107.80	44.31
Insurance	44.50	23.15
Directors Remuneration	160.69	215.36
Director's Fees	2.05	1.95
Donation	0.42	25.52
Electricity Expenses	10.62	11.94
Travelling and Conveyance Expenses	94.38	112.83
Postage and Telephone Expenses	34.64	33.91
Auditors Remuneration - For Statutory Audit	4.25	3.80
Computer Expenses	21.83	22.39
Legal and Professional Expenses	88.86	95.92
Repair & Maintenance of Furniture & Off. Equip.	13.56	16.13
Printing and Stationary Expenses	13.39	20.88
General Expenses	14.79	27.54
ISO 9001:2000 Certification Exp.	3.33	0.87
TOTAL (C)	615.09	656.49
TOTAL (A+B+C)	4,812.32	5,354.46

* Donation for financial year 2019-20 of ₹ 0.42 lakhs (P. Y. ₹ 25.52 lakhs) includes NIL (P.Y. 22.00 lakhs) contribution donated to a political party in compliance with section 182 of the Companies Act,2013

PARTICULARS	2019-20	2018-19
23.1 Payment to Auditors as:		
(a) As an Auditor (Including Tax Audit Fees)	4.25	3.80
(b) Capacity in respect of :		
(i) Company Law Matter	-	-
(ii) Taxation Matter	-	-
(iii) Management Services	-	-
(iv) In any other manner	-	0.42
(v) Reimbursement of expenses	-	-

NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

PARTICULARS	2019-20	2018-19
23.2 Expenditure in foreign currency (On Payment Basis)		
(i) Foreign Travelling Expenses	11.91	13.18
(ii) Consumables Stores	32.71	23.28
(iii) Raw Materials	39.34	230.76
(iv) Capital Goods	175.85	8.70
(v) Export Commission	82.01	67.08
(vi) Exhibition Expenses	5.25	9.32
PARTICULARS	2019-20	2018-19
23.3 PACKING MATERIAL		
Opening Stock	24.29	29.69
Purchase Indigenous	205.25	330.37
Purchase Imported	30.23	-
	259.77	360.06
Less : Closing Stock	27.56	24.29
TOTAL	232.21	335.77
PARTICULARS	2019-20	2018-19
23.4 CHEMICAL & OIL		
Opening Stock	31.61	68.11
Purchase Indigenous	550.75	694.90
Purchase Imported	1.55	1.55
	583.90	764.56
Less : Closing Stock	40.12	31.61
TOTAL	543.78	732.95
PARTICULARS	2019-20	2018-19
23.5 STORES		
Opening Stock	263.31	313.17
Purchase Indigenous	336.36	288.94
Purchase Imported	25.30	47.78
	624.98	649.90
Less : Closing Stock	259.57	263.31
TOTAL	365.41	386.58

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

PARTICULARS	2019-20	2018-19
23.6 REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND		
Remittances by the company in foreign currencies for dividends (including amount credited to Non-Resident External Accounts):		
a) No. of Non-resident shareholders	5	6
b) No. of Equity Shares of face value of ₹ 10 each held	68,692	1,37,070
c) i) Amount of Dividend Paid (Gross) (₹ in Lakhs)	0.34	1.71
ii) Tax Deducted at Source	-	-
iii) Year to which dividend relates	2018-19	2017-18

PARTICULARS	2019-20	2018-19
24 EARNINGS PER SHARE (EPS)		
1. Net Profit as per Profit and Loss Account available for Equity Shareholders (₹ in Lakhs)	25.41	372.99
2. Weighted average number of equity shares for Earning Per Share computation (Nos.)	164.62	111.52
3. Basic Earnings Per Share (in ₹)	0.15	3.34
4. Diluted Earnings Per Share (in ₹)	0.15	2.09
5. Face value per share	₹ 10	₹ 10

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

(₹ in Lakhs)

Sr.No.	Name of the Related Party	Nature of Transaction	2019-20	Balance as on March 31, 2020	2018-19	Balance as on March 31, 2019
1	Fairdeal Textile Park Pvt. Ltd. (Common Control of Key Managerial Person)	Effluent Treatment Charges	9.65	NIL	11.73	NIL
		Power Charges (Worker's Hostel)	4.20		0.28	
		Maintenance Charges Paid	16.23		12.69	
		Lease Rent paid	1.91		1.43	
		Leave & Licence Agreement (Worker's Hostel)	0.39		3.94	
		Job Charges	2.70		6.08	
		Sales	11.89		3.71	

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

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

Sr.No.	Name of the Related Party	Nature of Transaction	2019-20	Balance as on March 31, 2020	2018-19	Balance as on March 31, 2019
2	Lotus Marketing (Common Control of Key Managerial Person)	Job Income Interest Income Lease Rent paid Purchase	11.19 - 124.79 -	NIL	- 17.61 41.60 51.04	NIL
3	Autotech Non-Wovens Pvt. Ltd. (Common Control of Key Managerial Person)	Sales Job Income Reimbursement of Travelling Expense	100.02 4.90 -	₹ 5.68 lakhs Dr	51.54 29.44 0.06	₹ 0.98 lakhs Dr
4	Shahlon Enterprises LLP	Capital Contribution Sale Income Job Income Re-imburement salary recd. Interest Income Purchase Job Charges	- 238.66 29.24 - 3.63 376.76 967.34	NIL	- 224.15 52.78 8.93 23.99 135.30 434.25	NIL
5	Shri D.R. Shah (Key Managerial Personnel)	Key Management/Director's Remuneration Interest on Unsecured Loan Sale of Equity Shares	53.56 1.66 -	NIL	51.22 15.58 21.00	NIL
6	Shri A.R. Shah (Key Managerial Personnel)	Key Management/Director's Remuneration Interest on Unsecured Loan Sale of Equity Shares	53.56 4.01 -	NIL	51.22 11.83 21.00	NIL
7	Shri J.R. Shah (Key Managerial Personnel)	Key Management Remuneration as Director Remuneration as CFO Remuneration as Head Accounts & Legal Sitting Fees Interest on Unsecured Loan Sale of Equity Shares	- 26.78 26.78 0.15 2.52 -	NIL	27.11 27.11 - - 16.22 21.00	NIL
8	Shri M.R. Shah (Key Managerial Personnel)	Key Management /Director's Remuneration Remuneration as GM Operations Interest on Unsecured Loan	- 41.71 1.64	NIL	27.11 21.11 7.17	NIL

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

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

Sr.No.	Name of the Related Party	Nature of Transaction	2019-20	Balance as on March 31,2020	2018-19	Balance as on March 31, 2019
9	Shri D.J. Shah (Key Managerial Personnel)	Key Management/Director's Remuneration/Other Benefits Remuneration as GM Marketing Interest on Unsecured Loan Sale of Equity Shares	- 53.56 1.45 -	NIL	34.36 27.11 12.84 3.01	NIL
10	Shri N.R. Shah (Key Managerial Personnel)	Key Management/Director's Remuneration Remuneration as President Technical Interest on Unsecured Loan Sale of Equity Shares	53.56 - 4.08 -	NIL	27.11 27.11 7.00 21.00	NIL
11	Shri Dhruv A. Shah (Relative of Key Managerial Personnel)	Remuneration as Marketing Executive-Export Interest on Unsecured Loan	23.93 4.61	NIL	24.22 5.11	NIL

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
 UDIN : 20034217AAAAAF4061
 Place : Surat
 Date : 11.07.2020

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, 2020

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, 1956/2013. 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 11.07.2020.

Significant Accounting Policies:

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, the provisions of the Companies Act, 2013 and the merger scheme approved by the NCLT.

II. Basis of preparation and presentation of financial statements:

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

- Business Combination (other than business combination under common control)
- Certain financial assets and liabilities.
- Assets held for sale – Measured at Fair Value less cost to sell

- Defined Benefit Plans – Plan Assets.
- Equity settled share-based payments.

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

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

III. Summary of Significant Accounting Policies

1. Current versus non-current classification

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

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

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

Notes to Financial Statements for the Year ended on 31st March, 2020

- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

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

Rounding of Amounts:

All amounts disclosed in these Financial Statements and notes have been rounded off the 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.

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

The Company derives revenue primarily from sale of manufactured goods, traded goods and related services. Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the company expects to receive in exchange for those products or services.

b) Late Payment Charges / Discount:

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

c) Interest Income:

Interest Income is recognized on accrual basis.

d) Commission Income:

Commission Income is recognized when the services are rendered.

e) Rental Income:

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

f) Dividend Income:

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

g) Job Work Income:

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

Notes to Financial Statements for the Year ended on 31st March, 2020

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.

- iii) Minimum Alternate Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognized as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

V. Property, plant and equipment

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

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

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

Depreciation on Fixed Assets is provided to the extent of depreciable amount on the Written Down Value (WDV) / Straight Line Method (SLM). 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

Notes to Financial Statements for the Year ended on 31st March, 2020

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 advise which considers the nature of the assets, the usage of the assets, expected physical wear and tear, the operating conditions of the assets, anticipated technological changes, manufactures warranties and maintenance support etc.
- 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 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.

Notes to Financial Statements for the Year ended on 31st March, 2020

IX. Inventories:

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

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

- i) Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average cost.
- ii) Finished goods: Cost of Finished Goods includes material cost, cost of conversion, other overheads to the extent applicable.
- iii) Work in progress: It is valued at cost determined by taking material cost, labor charges, and direct expenses.
- 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 AND 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, 2020

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.

XIV. Provisions

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

General

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

Notes to Financial Statements for the Year ended on 31st March, 2020

Contingent liability

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

Particulars	Figures for the current reporting period (₹ in lakhs)	Figures for the previous reporting period (₹ in lakhs)
i) Contingent Liabilities:-		
a) Counter guarantees given to banks	2.27	2.27
b) Bank guarantee provided to DGFT/Custom Authorities to secure machineries under EPCG Scheme	21.49	21.49
c) Custom duty on Export obligation under EPCG scheme	57.22	163.23
d) 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
e) 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
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	Nil
g) Demand u/s. 143(3) r.w.s. 147 of the IT Act, 1961 for A.Y. 2013-14	-	24.71
h) Demand u/s. 143(3) r.w.s. 147 of the IT Act, 1961 for A.Y. 2012-13	23.59	23.59
i) Demand under Rule 16A of the Drawback,1995 for A.Y. 2015-16	2.58	-

Notes to Financial Statements for the Year ended on 31st March, 2020

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/PPP/Cross-Sub.Surch/08/2821 dated 05-06-2008 to Shahlon Industrial Infrastructure Pvt. Ltd, which is merged with Shahlon Silk Industries Pvt. Ltd. The amount payable is under Dispute.

Shahlon Industrial Infrastructure Pvt. Ltd., one of the transferor Company which is merged with Shahlon Silk Industries Pvt. Ltd. has received notice from collector of electricity duty demanding electricity duty @15% on supply of electricity to its members, whereas the said company has paid electricity duty 0.40 paisa 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 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.

Notes to Financial Statements for the Year ended on 31st March, 2020

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 defaults 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' which requires expected lifetime losses to be recognized from initial recognition of the receivables.
- 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.

De-recognition 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.

Notes to Financial Statements for the Year ended on 31st March, 2020

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.

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

Fair value measurement of financial instruments:

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For financial

assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derivative financial instrument:

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

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

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

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under IndAS 109, Financial Instruments. Any derivative that is either not designated as hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

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

ii) Cash Flow Hedge:

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

Notes to Financial Statements for the Year ended on 31st March, 2020

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.

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.

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:

1) 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

Notes to Financial Statements for the Year ended on 31st March, 2020

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 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
₹ 6446.50 lakhs (Pre. Year ₹ 7165.42 lakhs)

XX. Sales/Purchase included inter-divisional transfers of
₹ NIL (Pre. Year ₹ NIL lakhs)

Notes to Financial Statements for the Year ended on 31st March, 2020

XXI. Debtors of ₹ 10,384.23 lakhs includes ₹ 5.68 lakhs (Pre. Year ₹ 11,203.38 lakhs includes ₹ 0.98 lakhs) due from concern in which Directors are interested.

XXII. Global Health Pandemic on COVID – 19:

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

COVID-19 is significantly impacting business operation of the companies, by way of interruption in production,

supply chain disruption, unavailability of personnel, closure/lockdown of production facilities etc. On 24th March, 2020, the Government of India ordered a nationwide lockdown for 21 days which further got extended till 17th May, 2020 to prevent community spread of COVID-19 in India resulting in significant reduction in economic activities.

In assessing the recoverability of company's assets such as Investments, Loans, intangible assets, Goodwill, Trade receivable etc. the company has considered internal and external information. The company has performed sensitivity analysis on the assumptions used basis the internal and external information/indicators of future economic conditions, the Company expects to recover the carrying amount of the assets.

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
UDIN : 20034217AAAAAF4061
Place : Surat
Date : 11.07.2020

For and on behalf of the Board
Shahlon Silk Industries Limited

Dhirajlal R. Shah
Director
DIN : 00010480

Arvind R. Shah
Managing Director
DIN : 00010483

Hitesh K. Garmora
Company Secretary

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)

Bank Name																									
Branch Name																									
Branch Code	<table border="1" style="width: 100%; height: 20px;"> <tr> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> </tr> </table> <p>(9 Digits code number appearing on the MICR Band of the cheque supplied by the Bank) Please attach following documents as a mandatory requirement to register/update your ECS details:</p> <ol style="list-style-type: none"> 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. 																								
Bank Account No.	<table border="1" style="width: 100%; height: 20px;"> <tr> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> </tr> </table> <p style="text-align: center;">(As appearing on the cheque book)</p>																								
Type of Account	<table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 33.33%;">S.B. Account</td> <td style="width: 33.33%;">Current Account</td> <td style="width: 33.33%;">Cash Credit Account</td> </tr> </table> <p style="text-align: center;">(Please tick whichever is applicable)</p>												S.B. Account	Current Account	Cash Credit Account										
S.B. Account	Current Account	Cash Credit Account																							

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.

Signature(s) as per specimen recorded with Company		
Sole/First Holder	Second Holder	Third Holder

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>TO, COMPANY SECRETARY SHAHLON SILK INDUSTRIES LIMITED 3RD FLOOR, DAWER CHAMBERS, NR. SUB-JAIL, RING ROAD, SURAT - 395 002</p>	<p>TO BE SENT TO YOUR DEPOSITORY PARTICIPANT (DP)</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
Sole/First Holder		
Second Holder		
Third Holder		

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 20th April, 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 for the information of the shareholders.

Thanking You

For Shahlon Silk Industries Limited

Sd/-

Company Secretary





Shahlon
Silk Industries Ltd.

3rd Floor, Dawer Chambers, Near Sub Jail,
Ring Road, Surat-395002. Guj. INDIA
T. +91-261-4190200
E. info@shahlon.com W. www.shahlon.com