

RAMESH CHANDRA BAGDI & ASSOCIATES

COMPANY SECRETARIES

31, SHRADDHANAND MARG, CHHAWANI, INDORE (MP)-452 001

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SECRETARIAL AUDIT REPORT

Form No. MR-3

For the financial year ended on 31st March, 2021

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

To,
The Members,
SHABA CHEMICALS LTD.,
101, RAJANI BHAWAN,
569/2, M.G.ROAD,
INDORE(MP)-452001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SHABA CHEMICALS LTD.** (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 **31 March, 2021** 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 31 March, 2021 according to the provisions of:



(i) The Companies Act, 2013 (the Act) and the Rules made there under and Companies Act, 1956 and Rules made there under to the extent applicable, except following -

- *E-voting facility u/s 108 read with Rule 20 of the Co.(MNGT. & ADMN.) Rules, 2015 not provided to the shareholders by the company during the audit period. In this regard, Management is of the opinion that since entire share holding of the company is in physical form and due to paucity of the fund, the company is not in a position to appoint RTA and to hire NSDL/CDSL electronic connectivity for dematerialization of shares of the company, hence E-voting facility is not possible for Annual General Meeting for F.Y. 2020-2021. However, as per management representation, the company has keen desire to start E-Voting facility to the stakeholders in future.*
- *Due to paucity of funds with company, the company has not published required periodical reports in News Papers. However, the Bombay Stock Exchange Ltd. Has been intimated in proper time period.*
- *The company's networth is eroded and thus the company is sick company presently but presently SICA and BIFR have been repealed.*
- *Whole time company secretary u/s 203 of the Act could not have been appointed in spite of honest effort made by company. In this regard, the company has received penalty letters from BSE also for non appointment of whole time company secretary cum compliance officer. Further due to non appointment, the necessary form INC-22 ACTIVE could not have been filed so far and the status of the company in MCA RECORD is still 'ACTIVE - NON-COMPLIANT'. However, the company is hopeful to get the suitable candidate in future.*
- *Certain Forms are yet pending to be filed with ROC/MCA.*

(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;

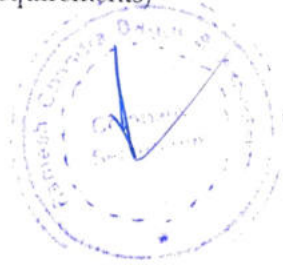
(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under. *(not applicable to the company during the audit period)*

(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, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; *(not applicable to the company during the audit period)* ;



- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; *(not applicable to the company during the audit period)* ;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; *(not applicable to the company during the audit period)*;
- (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;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; *(not applicable to the company during the audit period)*;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 *(not applicable to the company during the audit period)*;

(vi) We have relied on the representations made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. At present the company is not doing any business activity hence no specific Acts are applicable to the company.

I have also examined compliance with the applicable Clauses of the following with regard to :

- (i) The compliance of Secretarial Standards under Section 118 of the Companies Act, 2013 applicable during the period covered under the Audit.
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges and SEBI(LODR) Regulation, 2015 except ;

The company has not complied with certain clauses of LODR, 2015 as regards publication of results, updation of web site of company, no listing fees paid to the BSE, 100% share holding of the promoters of the company is not dematerialized and is in physical form; no appointment of RTA and no commencement of connectivity with CDSL/NSDL; no appointment of whole time company secretary cum compliance officer.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and subject to my comment wherever it was required.

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, if any, 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 the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that :

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable Laws, Rules, Regulations and guidelines.

I further report that :

The scrip of the company is suspended by the BSE due to penal reasons.

During the audit period, there were no instances of:

- (i) Public/Rights/Preferential issue of Shares/debentures/ sweat equity.
- (ii) Redemption/buy-back of securities.
- (iii) Merger/ amalgamation/ reconstruction etc.
- (iv) Foreign technical collaborations.

For Ramesh Chandra Bagdi & Associates,
Company secretaries,

R.C. Bagdi

CS Ramesh Chandra Bagdi
Proprietor
FCS: 8276, C P No 2871

UDIN NO. F008276C000997979



Place : Indore

Dated : 04, September, 2021

Note: This report is to be read with our letter of even date which is annexed as Annexure herewith and forms an integral part of this report.

ANNEXURE to Secretarial Audit Report

To,
The Members,
SHABA CHEMICALS LTD.,
101, RAJANI BHAWAN,
569/2, M.G.ROAD,
INDORE(MP)-452001

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records 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. We 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. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representations about the compliance of Laws, Rules and Regulations and happening of events etc.
5. 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.
6. 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.

For Ramesh Chandra Bagdi & Associates,
Company secretaries,

R.C. Bagdi

CS Ramesh Chandra Bagdi
Proprietor
FCS: 8276, C P No 2871



Place : Indore

Dated : 04, September, 2020

UDIN NO. F008276C000997979