



Registered Office :
404, Abhay Steel House, Baroda Street,
Mumbai - 400 009, India
Tel. : 91(22) 6145 4545 / 2348 7348 / 49,
Fax : 91 (22) 2348 7350
E-mail : shahi@bom3.vsnl.net.in
Website : www.shahilogistics.com

Date: 18th October, 2016

To,
Dept. of Corporate Services,
The Stock Exchange, Mumbai
P.J. Towers, 1st floor,
Dalal street, Mumbai - 400 001

Dear Sir,

Sub: Submission of 26th Annual Report

Ref: BSE: Scrip Code: 526508

In terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, we enclose herewith copy of 26th Annual report for the financial year 2015-2016, as approved and adopted in the 26th Annual General Meeting (AGM) of the Company held on Thursday, 29th September, 2016.

We hope you will find it in order and request you to take the same on your records.

Thanking you,
Yours faithfully,

For **SHAHI SHIPPING LIMITED**
(Formerly known as SKS Logistics Limited)

Deputy Compliance Officer

Encl: as above

**26TH ANNUAL REPORT 2015 - 2016**
SHAHI SHIPPING LIMITED**Board of Directors**

Sarvesh Kumar Shahi
Hema Kiran Thakur
V. I. Shivaraman
Lavina C. Kripalani

Chairman & Managing Director
Independent Director
Independent Director
Independent Director

Chief Financial Officer

Meena Asati

Statutory Auditors

M/s. N. D. Heda & Co.
Chartered Accountants

Registered Office

404, Abhay Steel House,
Baroda Street,
Mumbai - 400 009
Tel.: 91 (22) 61454545 / 23487340/41/42
Fax: 91 (22) 23487349 / 50
Website: www.shahilogistics.com
E-mail: shahi@bom3.vsnl.net.in

CORPORATE OFFICE

Shahi Marine House
Plot No. 11 & 11/1, Sector-26
Near Grain Market, Vashi,
Navi Mumbai - 400 703
Tel.: 2784 3047-49 / 2784 3051-53
Fax: 91 (22) 2784 3041 & 2784 3044

Registrar & Share Transfer Agent

System Support Services
209, Shivai Industrial Estate,
89, Andheri Kurla Road,
Sakinaka, Mumbai - 400 072
Tel.: 28500835 / 3940
Fax: 28501438
E-mail: zip@sysss.com

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NOTICE

Notice is hereby given that the **26th Annual General Meeting** of the Members of Shahi Shipping Limited will be held at the registered office of the Company at 404, Abhay Steel House, Baroda Street, Mumbai – 400 009 on Thursday the September 29, 2016 at 11.00 a.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2016, statement of Profit and Loss for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sarvesh Kumar Shahi (DIN 00359535), who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider **ratification of appointment of Auditors** of the Company and if thought fit, to pass, the following resolution as ordinary resolution:

“RESOLVED THAT pursuant to Sections 139 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with the Companies (Audit and Auditors) Rules, 2014 (“Rules”), the Company hereby ratifies the appointment of M/s N. D. Heda & Co, Chartered Accountants, Mumbai (ICAI Firm Registration No. 103604W), as Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the 27th annual general meeting on such remuneration as may be agreed upon by the Audit Committee/ Board of Directors in consultation with Auditors.”

By order of the Board of Directors

Sarvesh Kumar Shahi
Chairman and Managing Director
(DIN: 00359535)

Place: Mumbai
Date: August 13, 2016

Registered Office:

404, Abhay Steel House
Baroda Street,
Mumbai – 400 009

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
The instrument appointing the proxy, in order to be effective, must be deposited at the Company’s Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions / authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. The Register of Members and Transfer Books of the Company will be closed from Friday, September 23, 2016 to Thursday, September 29, 2016, both days inclusive.
3. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company’s records which will help the Company and the Company’s Registrars and Transfer Agents to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Registrar.
4. The information pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Director retiring by rotation and being reappointed is annexed hereto.
5. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Registrar for assistance in this regard.



6. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Registrar, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
7. In case of joint holders attending the Meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
8. Members seeking any information with regard to the Accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the Meeting.
9. The Notice of the AGM along with the Annual Report 2015-16 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
10. Transfer of Unclaimed / Unpaid Dividend to the Investor Education and Protection Fund (IEPF):
In terms of the provisions of Section 123 of the Companies Act, 2013 the amount of dividend not encashed or claimed within 7 (Seven) years from the date of its transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Accordingly, the unclaimed dividend in respect of financial year 2006-07 was transferred to the IEPF in July, 2015 and the unclaimed dividend in respect of financial year 2007-08 was transferred to the IEPF in October, 2015.
Unclaimed dividend for the year(s) 2010-11, 2011-12 are held in separate Bank accounts and Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim(s) by surrendering the unencashed warrants immediately to the Company.
11. To support the 'Green Initiative' Members who have not registered their e-mail addresses are requested to register the same with Registrar / Depositories.
12. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder and the Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all the resolutions set forth in this Notice. In order to enable its Members, who do not have the access to e-voting facility to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, the Company is enclosing a Ballot Form with the Notice. Instructions for e-voting are given here in below. Resolution(s) passed by Members through Ballot Forms or e-voting is / are deemed to have been passed as if they have been passed at the AGM.
13. CS Rahul Padmakar Sahasrabuddhe, Partner –SPRS & Co, Practicing Company Secretaries (Membership No. F6254) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
14. The facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting or by ballot form shall be able to exercise their right at the meeting.
15. The Members who have cast their vote by remote e-voting or by ballot form prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
16. Members can opt for only one mode of voting, i.e., either by Ballot Form or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through Ballot Form shall be treated as invalid.
17. The instructions for e-voting are as under:
 1. The procedure and instructions for the voting through electronic means is, as follows:
 - i. Log on to the e-voting website www.evotingindia.com during the voting period.
 - ii. Click on "Shareholders" tab.
 - iii. Now, select the "Shahi Shipping Ltd/ (SKS Logistics Ltd)" from the drop down menu and click on "SUBMIT"
 - iv. Now, enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.



- v. 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 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 Members 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">• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| DOB | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank Details | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none">• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

- vi. After entering these details appropriately, click on "SUBMIT" tab.
- vii. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- viii. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi. Click on the EVSN for the relevant < Shahi Shipping Ltd/ (SKS Logistics Ltd)> on which you choose to vote.
- x. 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.
- xi. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xii. 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.
- xiii. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xiv. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xv. If Demat account holder has forgotten the password then enter the user ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvi. Note for Institutional Shareholders & Custodians:
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.



- After receiving the login details they have to create 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.
 - 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.
- xvii. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com .
2. The voting rights of shareholders shall be in proportion to their shareholding in the paid up equity share capital of the Company.
 3. E-voting period will commence from 26th September, 2016 at 9:00 a.m. and will end on 28th September, 2016 at 5.00 p.m.
 4. The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in presence of at least two witness not in the employment of the Company and make, not later than three (3) days of conclusion of the meeting, a consolidated Scrutinizer’s Report of the total votes cast in favor or against, if any, to the Chairman of the Company.
 5. The Results shall be declared on or after the date of General Meeting of the Company. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website <http://www.shahilogistics.com> and on the website of CDSL immediately after the result is declared by the Chairman.
 6. The cut-off date for the purpose of E-voting is on Friday, 23rd September, 2016. The Voting rights of members shall be in proportion to their equity shareholding in the paid up equity share capital of the company as on cut-off date.

By order of the Board of Directors

Sarvesh Kumar Shahi
Chairman and Managing Director
(DIN: 00359535)

Place: Mumbai
Date: August 13, 2016

Registered Office:
404, Abhay Steel House
Baroda Street,
Mumbai – 400 009

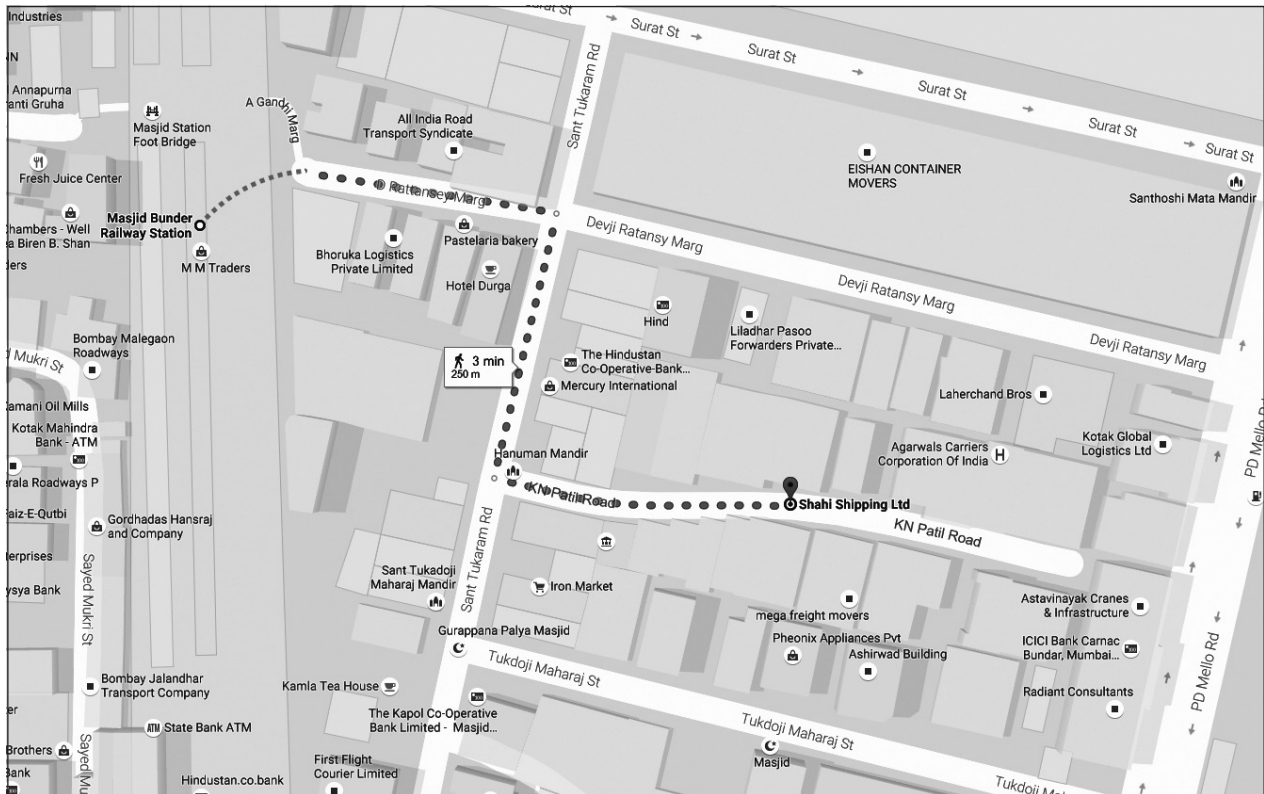
Annexure to Notice

INFORMATION AS REQUIRED AS PER REGULATION 36 (3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 IN RESPECT OF DIRECTOR BEING RE-APPOINTED

| | |
|---|---|
| Name of the Director | Mr. Sarvesh Kumar Shahi (DIN: 00359535) |
| Date of Birth | 07.03.1957 |
| Date of Appointment | 26.10.1990 |
| Qualification | Done Executive Management Course at Massachusetts Institute of Technology (MIT) Boston, USA . |
| Expertise in specific functional area | Mr. S.K. Shahi, has a career spanning more than 38 years of rich and varied experience in shipping industry. |
| Directorships held in other public companies (excluding foreign companies and Section 8 companies) | 1. Royal Logistics (Ship) Limited 2. SKS Waterways Limited 3. Shahi Gasol Limited 4. India First Logistics Limited |
| Member of the committee/s of Board of Member of the committee/s of Board of Directors of other companies in which he is a Director | None |
| Relationship with other Director | None |



ROUTE MAP TO THE VENUE OF THE AGM



**DIRECTORS' REPORT**

To,
The Members,

Shahi Shipping Limited

Your Directors are pleased to present herewith the 26th Annual Report of Shahi Shipping Limited (the "Company") along with the Audited Financial Statements for the financial year ended March 31, 2016.

1. FINANCIAL RESULTS

(Rs. In Lacs)

| Particulars | 2015-2016 | 2014-2015 |
|---|------------------|------------------|
| Profit Before Interest, Depreciation, Exceptional Items & Tax | 215 | 260 |
| Less: Interest and Finance Charges | 149 | 244 |
| Less: Provision for Depreciation | 294 | 390 |
| Profit/(Loss) before Tax | (228) | (374) |
| Less: Exceptional Items | 201 | - |
| Profit/(Loss) before Tax after Exceptional Items | (429) | (374) |
| Less: Provision for Taxation: | | |
| Current Tax | - | 2 |
| Taxation of Earlier years | (1) | - |
| Deferred Tax Credit | 178 | 32 |
| Profit/(Loss) After Tax | (252) | (344) |

2. DIVIDEND

On account of losses incurred during the year under review, your board does not recommend any dividend.

3. COMPANY'S PERFORMANCE

During the year under review, income from operations was Rs. 14.59 Crore as against Rs. 18.44 Crore in the previous year. The decline in income from operations was about 20.88% as compared to the previous year. Through cost control measures, during the year under review, company could able to reduce its finance cost to Rs. 1.49 Crores from Rs. 2.44 Crores as compared to previous year. Your board has continued with its task to rebuild company's business with cost control measures to attain its long term goals by capitalizing company's intrinsic strength like brand, quality of service, customer relationship through streamlining existing operations.

4. AMOUNT TRANSFERRED TO RESERVE

On account of losses incurred during the year under review, your directors have not recommended to transfer any amount to reserves.

5. HUMAN RESOURCE DEVELOPMENT

Your Company treats its "human resources" as one of its most important assets. Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

6. SUBSIDIARY COMPANIES

The Company has two subsidiaries, namely SKS waterways Ltd., & Royal Logistics (Ship) Ltd., which have not commenced their operations. Hence, the consolidated financial statement of the Shahi Shipping Limited and its subsidiaries SKS waterways Ltd, Royal Logistics (Ship) Ltd has not been prepared.

7. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) (c) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- they 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 of the Company for that period;



- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal controls to be followed by the Company and such internal controls are adequate and operating effectively;
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

8. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board and its Committees have appropriate composition, pursuant to the provisions of Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

9. BOARD EVALUATION

The Nomination and Remuneration Committee has defined evaluation criteria for the performance evaluation of the Board, its Committees and individual director(s).

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the board of directors has carried out an annual evaluation of its own performance, Board committees and individual directors.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, advisory role and contribution in the decision making etc.

At the separate meeting of independent directors held on 12th March, 2016, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated objectively, taking into account the views of executive directors and non-executive directors.

10. INDEPENDENT DIRECTOR

(i) Declaration from Independent Directors

The Board has received declaration from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(ii) Criteria for Performance Evaluation

Nomination and Remuneration Committee has laid down various criteria for performance evaluation of Independent Directors.

(iii) Details of familiarization Programme

The details of programme for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the www.shahilogistics.com

11. MEETINGS

A calendar of Meetings is prepared and circulated in advance to the Directors.

During the Financial year 2015-2016, five (05) Board Meetings and four (04) Audit Committee Meetings were convened and held. The details of meetings held are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

12. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed and adopted the policy for selection and appointment of Directors, Key Managerial Personnel, senior management and their remuneration. The policy lays down criteria for selection of directors, key managerial personnel and senior management like, qualification, requisite expertise, relevant experience and integrity of the directors, etc. The remuneration policy lays down the entitlements of remuneration to non-executive directors such as sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013.

Remuneration to Managing Director and Whole-Time Directors consist of monthly salary, allowances, perquisites, bonus, commission and other allowable retirement benefits. As per the Policy, the remuneration/compensation to Managing Director and Whole Time Directors shall be recommended by the Nomination and Remuneration Committee to the Board for its approval.



In respect of key managerial personnel and senior management, the remuneration will consist of fixed pay and incentive pay. The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time and the incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management.

The Nomination and Remuneration Policy is available on the Company's website www.shahilogistics.com

13. INTERNAL FINANCIAL CONTROL SYSTEMS AND ITS ADEQUACY

In view of board, the Company has adequate Internal Control, commensurate with the size and nature of its operations. Further, based on observations of the Statutory Auditors, on the internal financial control with reference to the financial statement the necessary steps have been taken to establish the same.

14. EXTRACT OF ANNUAL RETURN

As provided under Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the extract of annual return is given in **Annexure - I** in the prescribed Form MGT-9, which forms part of this report.

15. DETAILS OF COMMITTEES OF THE BOARD

At present, the Board has three committees, namely the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee. The Composition of various committees is as per the applicable provisions of the Companies Act, 2013 along with the Rules and Securities Exchange Board of India (Listing obligations & Disclosure Requirements) Regulations, 2015. The brief details of various committees, terms of reference is provided separately in the Corporate Governance report.

16. AUDIT COMMITTEE

Audit Committee of the Board has been constituted as per Section 177 of the Companies Act, 2013 and rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and read with Regulation 18 of the Listing Regulations, 2015. The details pertaining to composition of audit committee are included in the Corporate Governance Report, which forms part of this report. All the recommendations made by the Audit Committee during the year were accepted by the Board of Directors of the Company.

17. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee has been constituted as per section 178 (5) of the Companies Act, 2013 read with Regulation 20 of the Listing Regulations, 2015. The Stakeholders Relationship Committee shall consider and resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of balance sheet and non-receipt of dividend etc. The details pertaining to composition of Stakeholders Relationship committee are included in the Corporate Governance Report, which forms part of this report.

18. NOMINATION AND REMUNERATION COMMITTEE

Nomination and Remuneration Committee of the Board has been constituted as per Section 178 of the Companies Act, 2013 and rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and read with Regulation 19 of the Listing Regulations, 2015. The details pertaining to composition of Nomination and Remuneration Committee, terms of reference and other particulars are included in the Corporate Governance Report, which forms part of this report.

19. AUDITORS

M/s. N. D. Heda & Co, Chartered Accountants, Mumbai, (Firm Registration No.103604W) was appointed as the Statutory Auditors of the Company for a term of two consecutive years commencing from the conclusion of the 25th Annual General Meeting of the Company till the conclusion of the 27th Annual General Meeting subject to ratification by the Members at every Annual General Meeting. Necessary resolution for ratification of appointment of the Auditors is set out in the notice of Annual General Meeting for seeking member's approval. The Members' are requested to approve the same.

20. AUDITORS' REPORT

Notes to Accounts and Auditors remarks in their report are self-explanatory.

The Statutory Auditors' Report do contains disclaimer in matter of adequacy of internal financial controls with reference to the financial statement. Your board has taken due note of such observation, and would be taking steps towards strengthening of control riders, desirable to your company and its business. Your board would like to roll out on effective financial control system to facilitate smooth and efficient functioning of the activities of business



paving way for compliance of internal control norms stated in the guidance note on 'Audit of Internal Financial Controls over Financial Reporting' issued by the Institute of Chartered Accountants of India.

21. INTERNAL AUDITOR:

The Company has appointed M/s. Wandrekar & Co., Chartered Accountants, Mumbai as an Internal Auditor of the Company, for the three financial years, covering period FY 2015-16 to 2017-18, to undertake Internal Audit, of the financial affairs of the Company and matters connected therewith and report to Audit Committee of the Board, the Statutory Auditor, on the relevant matters.

22. SECRETARIAL AUDIT REPORT

In terms of Section 204 of the Act and Rules made there under, M/s. Neville Daroga & Associates, Practicing Company Secretary have been appointed as Secretarial Auditors of the Company. The report of the Secretarial Auditors is enclosed as **Annexure - II** to this report.

The Secretarial Auditors' Report do contains qualification, in respect of which your board would like to clarify that;

1. The Company is in process of Appointment of a Whole Time Company Secretary as required under section 203(1) (ii) of the Companies Act, 2013.
2. The Company is in process of Appointment of a Whole Time Company Secretary who shall be Compliance Officer, as required regulation 6(1) of the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015/ Clause 47(a) of the Listing Agreement.
3. The promoters will take effective steps for converting their physical sharing in demat form as required under SEBI regulations.

23. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186

There was no loan given or guarantee given or investment made or security provided pursuant to Section 186 of the Companies Act, 2013 during the year under review and hence the said provisions are not applicable.

24. PARTICULARS OF CONTRACT OR ARRANGEMENT WITH RELATED PARTY

There were no Related Party Transactions (RPTs) entered into by the Company during the financial year, which attracted the provisions of section 188 of the Companies Act, 2013. There being no 'material' related party transactions as defined under regulation 23 of SEBI Listing Regulations, 2015, there are no details to be disclosed in Form AOC-2 in that regard.

25. PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and a statement showing the names and other particulars of the Top Ten Employees of the Company in terms of remuneration drawn pursuant to Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the **Annexure-III** to this Report.

In terms of the provision of Section 197(12) of the Companies Act, 2013 read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the every employee drawing remuneration in excess of the Limits set out in the said rules are not applicable to the Company as no Employees were employed during the year, drawing Rs. 1,02,00,000/- per annum, or Rs. 8,50,000/- per month, the ceiling limits prescribed under the said rule.

26. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

27. CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Company has complied with all the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Management Discussion and Analysis Report and Corporate Governance Report together with Auditors' Certificate thereon form part of this Report and annexed separately.

28. VIGIL MECHANISM/WHISTLE BLOWER POLICY FOR THE DIRECTORS AND EMPLOYEES

Your Company believes in promoting a fair, transparent, ethical and professional work environment. The Board of Directors of the Company pursuant to the provisions of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has framed "Vigil Mechanism" for employees including directors of the Company for reporting the genuine concerns or grievances or cases of actual or suspected,



fraud or violation of the Company's code of conduct and ethics policy. The Vigil Mechanism/Whistle Blower Policy is available on the Company's website www.shahilogistics.com.

29. DEPOSITS FROM PUBLIC

Your Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

30. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL ACT, 2013)

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. The Policy is gender neutral. During the year, the committee has not received any complaint of harassment.

31. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of the provisions of Section 123 of the Companies Act, 2013 the amount of dividend not en-cashed or claimed within 7 (Seven) years from the date of its transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Accordingly, the unclaimed dividend in respect of financial year 2006-07 was transferred to the IEPF in July, 2015 and the unclaimed dividend in respect of financial year 2007-08 was transferred to the IEPF in October, 2015.

32. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to the notification No GSR 1029 dated 31-12-1988; companies are required to furnish prescribed information regarding conservation of energy and technology absorption. However this does not apply to your company as the shipping industry is not included in the schedule to the relevant rules. The details, however, as regards Foreign exchange earnings and outgo are given below.

| | |
|-----------------------------|----------------|
| (a) Foreign Exchange earned | Rs. 3,56,349/- |
| (b) Foreign Exchange outgo | Rs. 5,55,219/- |

33. LISTING WITH STOCK EXCHANGES:

Your Company confirms that, it has paid the Annual Listing Fees for the year 2015-2016 to BSE Limited, the stock exchange where the Company's shares are listed.

34. DISCLOSURES UNDER SECTION 134(3)(L) OF THE COMPANIES ACT, 2013

Except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

35. CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year pursuant to the provisions of section 135 read with Schedule VII of the Companies Act, 2013 the company does not fall under the criteria of CSR Policy. Hence the company has not contributed towards CSR Activity.

36. ACKNOWLEDGEMENT

Your Directors express their sincere thanks to all customers, vendors, investors, shareholders, shipping agents, bankers, insurance companies, consultants, advisors, Central and State Government(s) for their consistent support and encouragement to the Company.

Your Directors also sincerely acknowledge the significant contributions made by all the employees through their dedicated services to the Company.

For and on behalf of the Board of Directors

Sarvesh Kumar Shahi
Chairman and Managing Director
DIN: 00359535

V. I. Shivaraman
Director
DIN: 07165080

Date: 13th August, 2016
Place: Mumbai

**Annexure - I**
FORM NO. MGT 9**EXTRACT OF ANNUAL RETURN**

as on financial year ended on 31.03.2014

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014.**I REGISTRATION & OTHER DETAILS:**

| | | |
|-----|--|---|
| i | CIN | L61100MH1990PLC058680 |
| ii | Registration Date | 26/10/1990 |
| iii | Name of the Company | Shahi Shipping Limited |
| iv | Category/Sub-category of the Company | Company Limited By Shares Indian-Non Government Company |
| v | Address of the Registered office & contact details | 404 Abhay Steel House, 4th Floor, Baroda Street, Mumbai- 400 009 |
| vi | Whether listed company | Listed |
| vii | Name , Address & contact details of the Registrar & Transfer Agent, if any. | System Support Services ,209, Shivai Industrial Estate, Near Park-Davis, 89, Andheri Kurla Road, Saki Naka, Andheri (E),Mumbai-400072 |

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

| SL No | Name & Description of main products/services | NIC Code of the Product /service | % to total turnover of the company |
|-------|--|----------------------------------|------------------------------------|
| 1 | Sea and coastal freight water transport | 50120 | 100 |

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

| Sl No | Name & Address of the Company | CIN/GLN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|-------|---|-----------------------|--------------------------------|------------------|--------------------|
| 1 | SKS Waterways Limited Karnani Estate, 209, A.J.C.Bose Road, 1st Floor, Room No.-22b, Kolkata- 700 017 | U63012WB2008PLC125911 | Subsidiary | 70 | 2 (87) |
| 2 | Royal Logistics (Ship) Limited Karnani Estate, 209, A.J.C.Bose Road, 1st Floor, Room No.-22b, Kolkata- 700 017 | U61100WB2007PLC117112 | Subsidiary | 70 | 2(87) |



IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

(i) Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|--|---|------------------|-------------------|-------------------|---|------------------|-------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 1,878,351 | 3,407,498 | 5,285,849 | 36.47 | 1,905,419 | 3,407,498 | 5,312,917 | 36.65 | 0.18 |
| b) Central Govt. or State Govt. | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporates | - | - | - | - | - | - | - | - | - |
| d) Bank/FI | - | - | - | - | - | - | - | - | - |
| e) Any other (Persons Acting in Concert) | 5,054,721 | 229,200 | 5,283,921 | 36.45 | 5,054,721 | 229,200 | 5,283,921 | 36.45 | - |
| SUB TOTAL:(A) (1) | 6,933,072 | 3,636,698 | 10,569,770 | 72.92 | 6,960,140 | 3,636,698 | 10,596,838 | 73.10 | 0.18 |
| (2) Foreign | | | | | | | | | |
| a) NRI- Individuals | - | - | - | - | - | - | - | - | - |
| b) Other Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks/FI | - | - | - | - | - | - | - | - | - |
| e) Any other... | - | - | - | - | - | - | - | - | - |
| SUB TOTAL (A) (2) | - | - | - | - | - | - | - | - | - |
| Total Shareholding of Promoter (A)= (A)(1)+(A)(2) | 6,933,072 | 3,636,698 | 10,569,770 | 72.92 | 6,960,140 | 3,636,698 | 10,596,838 | 73.10 | 0.18 |
| B. PUBLIC SHAREHOLDING | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | - | 200 | 200 | 0.00 | - | 200 | 200 | 0.00 | - |
| b) Banks/FI | 200 | - | 200 | 0.00 | 200 | - | 200 | 0.00 | - |
| c) Central govt | 50 | - | 50 | - | 50 | - | 50 | 0.00 | - |
| d) State Govt. | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Fund | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIS | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| SUB TOTAL (B)(1): | 250 | 200 | 450 | 0.00 | 250 | 200 | 450 | 0.00 | - |



| | | | | | | | | | |
|---|------------------|------------------|-------------------|---------------|------------------|------------------|-------------------|---------------|-------------|
| (2) Non Institutions | | | | | | | | | |
| a) Bodies corporates | 320,671 | 2,400 | 323,071 | 2.23 | 328,410 | 2,400 | 330,810 | 2.28 | 0.05 |
| i) Indian | | - | | | | - | | | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | - | - | - | - | - | - | - | - | - |
| i) Individual shareholders holding nominal share capital upto Rs.1 lakhs | 1,775,012 | 408,195 | 2,183,207 | 15.06 | 1,957,369 | 585,145 | 2,542,514 | 17.54 | 2.48 |
| ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs | 594,972 | 780,250 | 1,375,222 | 9.49 | 371,701 | 601,500 | 973,201 | 6.71 | 2.78 |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| Non Resident Indians | 42554 | 600 | 43154 | 0.30 | 48626 | 2,435 | 51061 | 0.35 | 0.05 |
| SUB TOTAL (B)(2): | 2,733,209 | 1,191,445 | 3,924,654 | 27.08 | 2,706,106 | 1,191,480 | 3,897,586 | 26.89 | 0.19 |
| Total Public Shareholding (B)= (B)(1)+(B)(2) | 2,733,459 | 1,191,645 | 3,925,104 | 27.08 | 2,708,191 | 1,189,845 | 3,898,036 | 26.89 | 0.19 |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 9,666,531 | 4,828,343 | 14,494,874 | 100.00 | 9,668,331 | 4,826,543 | 14,494,874 | 100.00 | - |

(ii) SHARE HOLDING OF PROMOTERS

| Sl No. | Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|--------|----------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| | | No. of shares | % of total shares of the company | % of shares pledged encumbered to total shares | No. of shares | % of total shares of the company | % of shares pledged encumbered to total shares | |
| 1 | Anjana Shahi | 10,30,419 | 7.11 | - | 502 | 0.00 | - | 7.11 |
| 2 | Dolicie F. Koli | 1,90,000 | 1.31 | - | 1,90,000 | 1.31 | - | 0 |
| 3 | Francis Budhaji Koli | 4,000 | 0.03 | - | 4,000 | 0.03 | - | 0 |
| 4 | Koli Finance Pvt Ltd | 2,29,000 | 1.58 | - | 2,29,000 | 1.58 | - | 0 |
| 5 | Ranjana Francis Koli | 1,38,000 | 0.95 | - | 1,38,000 | 0.95 | - | 0 |
| 6 | Sarvesh Kumar Shahi | 9,71,234 | 6.70 | - | 20,28,219 | 13.99 | - | 7.20 |
| 7 | Shahi Finance P.Ltd | 200 | 0.00 | - | 200 | 0.00 | - | 0 |
| 8 | Shahi Gasol Ltd | 50,54,721 | 34.87 | - | 50,54,721 | 34.87 | - | 0 |
| 9 | Trupti F. Koli | 1,90,000 | 1.31 | - | 1,90,000 | 1.31 | - | 0 |
| 10 | Veena Joseph Koli | 1,10,000 | 0.76 | - | 1,10,000 | 0.76 | - | 0 |
| 11 | Vikas F Koli | 1,88,000 | 1.30 | - | 1,88,000 | 1.30 | - | 0 |
| 12 | Vikas Koli | 24,61,996 | 16.99 | - | 24,61,996 | 16.99 | - | 0 |
| 13 | Ranjana Francis Koli (HUF) | 2,200 | 0.02 | - | 2,200 | 0.02 | - | 0 |
| | Total | 1,05,69,770 | 72.92 | - | 10,596,838 | 73.11 | - | - |



(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

| Sl. No. | | Share holding at the beginning of the Year(As on 1st April 2015) | | Cumulative Share holding during the year (From 1st April 2015 to 31st March 2016) | |
|----------|---|--|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total shares of the company | No of shares | % of total shares of the company |
| 1 | Sarvesh Kumar Shahi | | | | |
| | At the beginning of the year | 971,234 | 6.70 | 971,234 | 6.70 |
| | Shares purchased from Secondary Market on 16th June, 2015 | 30 | 0.00 | 971,264 | 6.70 |
| | Shares purchased from Secondary Market on 17th June, 2015 | 1,600 | 0.01 | 972,864 | 6.71 |
| | Shares purchased from Secondary Market on 18th June, 2015 | 1,738 | 0.01 | 974,602 | 6.72 |
| | The shares transmitted from Mrs. Anjana Shahi on 4th July, 2015 | 10,29,917 | 7.10 | 20,04,519 | 13.82 |
| | Shares purchased from open market on 23rd February, 2016 | 23,700 | 0.17 | 20,28,219 | 13.99 |
| | At the End of the year | | | 20,28,219 | 13.99 |
| 2 | Anjana Shahi | | | | |
| | At the beginning of the year | 1,030,419 | 7.11 | 1,030,419.00 | 7.11 |
| | The shares transmitted to 4th Mr. Sarvesh Kumar Shahi on July, 2015 | (1,029,917) | 7.11 | 502.00 | 0.00 |
| | At the End of the year | | | 502.00 | 0.00 |

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

| Sl. No | | Shareholding at the beginning of the year | | Shareholding at the end the year | |
|--------|--|---|----------------------------------|----------------------------------|----------------------------------|
| | | No.of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For Each of the Top 10 Shareholders | | | | |
| 1 | kashmir Manvel Zelka | 180,000 | 1.24 | 180,000 | 1.24 |
| 2 | vishesh Polyimpex Pvt Ltd | 146,100 | 1.00 | 146,100 | 1.00 |
| 3 | Samiresh Kumar | 117,105 | 0.80 | 117,105 | 0.80 |
| 4 | Rupina Joseph Koli | 90,000 | 0.62 | 90,000 | 0.62 |
| 5 | Rupesh Joseph Koli | 61,600 | 0.42 | 61,600 | 0.42 |
| 6 | Wilson Anthony Embrose | 60,000 | 0.41 | 60,000 | 0.41 |
| 7 | Shah Pulin Hashmukh | 55,000 | 0.37 | 55,000 | 0.37 |
| 8 | Ragina Josepk Koli | 50,400 | 0.34 | 50,400 | 0.34 |
| 9 | Noble Josepk Koli | 48,000 | 0.33 | 48,000 | 0.33 |
| 10 | Deepak kanayalal Shah | 61,000 | 0.32 | - | - |
| 11 | Thomos Joseph Koli | - | - | 47,500 | 0.33 |

Note: Change in the shareholding is due to market transactions (purchase / sale in shares) made by the shareholders during the year.



(v) Shareholding of Directors & KMP

| Sl. No | For Each of the Directors & KMP | Shareholding at the end of the year | | Cumulative Shareholding during the year | |
|--------|---|-------------------------------------|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No of shares | % of total shares of the company |
| 1 | Sarvesh Kumar Shahi | | | | |
| | At the beginning of the year | 971,234 | 6.70 | 971,234 | 6.70 |
| | Shares purchased from Secondary Market on 16th June, 2015 | 30 | 0.00 | 971,264 | 6.70 |
| | Shares purchased from Secondary Market on 17th June, 2015 | 1,600 | 0.01 | 972,864 | 6.71 |
| | Shares purchased from Secondary Market on 18th June, 2015 | 1,738 | 0.01 | 974,602 | 6.72 |
| | The shares transmitted from Mrs. Anjana Shahi on 4th July, 2015 | 10,29,917 | 7.10 | 2,004,519 | 13.82 |
| | Shares purchased from open market on 23rd February, 2016 | 23,700 | 0.17 | 2,028,219 | 13.99 |
| | At the End of the year | | | 20,28,219 | 13.99 |

V INDEBTEDNESS

| Indebtedness of the Company including interest outstanding/accrued but not due for payment | | | | | |
|---|--|---|------------------------|-----------------|---------------------------|
| | | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
| | Indebtedness at the beginning of the financial year | | | | |
| i) | Principal Amount | 148,608,100 | 53,177,585 | - | 201,785,685 |
| ii) | Interest due but not paid | 25,762,128 | - | - | 25,762,128 |
| iii) | Interest accrued but not due | - | - | - | - |
| | Total (i+ii+iii) | 174,370,228 | 53,177,585 | - | 227,547,813 |
| | Change in Indebtedness during the financial year | | | | |
| | Additions | - | 31,950,000 | - | 31,950,000 |
| | Reduction | 90,508,306 | - | - | 90,508,306 |
| | Net Change | | | | |
| | Indebtedness at the end of the financial year | | | | |
| i) | i) Principal Amount | 58,099,794 | 85,127,585 | - | 143,227,379 |
| ii) | ii) Interest due but not paid | 24,462,095 | 17,753 | - | 24,479,848 |
| iii) | iii) Interest accrued but not due | | | | |
| | Total (i+ii+iii) | 82,561,889 | 85,145,338 | - | 167,707,227 |

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole time director and/or Manager:**

| Sl. No | Particulars of Remuneration | MR. S. K. SHAHI, C&MD |
|--------|--|-----------------------|
| 1 | Gross salary | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961. | 42,00,000 |
| | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 | - |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | - |
| 2 | Stock option | - |
| 3 | Sweat Equity | - |
| 4 | Commission | - |
| | as % of profit | - |
| | others (specify) | - |
| 5 | Others, please specify | - |
| | Total (A) | 42,00,000 |
| | Overall Ceiling as per the Act | 42,00,000 |

B. Remuneration to other directors:

| Sl. No | Particulars of Remuneration | Name of the Directors | | | Total Amount |
|--------|--|-----------------------|---------------|------------------|------------------|
| | | I. V. Shivaraman | Hema Thakur | Lavina Kripalani | |
| 1 | Independent Directors | | | | |
| | (a) Fee for attending board committee meetings | 27,500 | 45,000 | 27,500 | 1,00,000 |
| | (b) Commission | - | - | - | - |
| | (c) Others, please specify | - | - | - | - |
| | Total (1) | 27,500 | 45,000 | 27,500 | 1,00,000 |
| 2 | Other Non Executive Directors | - | - | - | - |
| | (a) Fee for attending board committee meetings | - | - | - | - |
| | (b) Commission | - | - | - | - |
| | (c) Others, please specify. | - | - | - | - |
| | Total (2) | - | - | - | - |
| | Total (B)=(1+2) | 27,500 | 45,000 | 27,500 | 1,00,000 |
| | Total Managerial Remuneration (A+B) | - | - | - | 43,00,000 |

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | |
|---------|--|--------------------------|----------------|
| | | Meena Asati, CFO | Total |
| 1 | Gross Salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. | 320,056 | 320,056 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | - | - |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | - | - |
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission | - | - |
| | as % of profit | - | - |
| | others, specify | - | - |
| 5 | Others, please specify | - | - |
| | Total | 320,056 | 320,056 |

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority (RD/NCLT/ Court) | Appeal made if any (give details) |
|-------------------------------------|------------------------------|-------------------|--|----------------------------|-----------------------------------|
| A. COMPANY | | | | | |
| Penalty | NIL | NIL | NIL | N.A | N.A |
| Punishment | NIL | NIL | NIL | N.A | N.A |
| Compounding | NIL | NIL | NIL | N.A | N.A |
| B. DIRECTORS | | | | | |
| Penalty | NIL | NIL | NIL | N.A | N.A |
| Punishment | NIL | NIL | NIL | N.A | N.A |
| Compounding | NIL | NIL | NIL | N.A | N.A |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | NIL | NIL | NIL | N.A | N.A |
| Punishment | NIL | NIL | NIL | N.A | N.A |
| Compounding | NIL | NIL | NIL | N.A | N.A |



Annexure - II
FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDING 31ST MARCH, 2016

[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
Shahi Shipping Ltd.,
404, Abhay Steel House,
Baroda Street,
Mumbai - 400 009

We have conducted the Secretarial Audit for the compliance of applicable statutory provisions and adherence to good corporate practices of your Company M/s. SHAHI SHIPPING LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided to us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our 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 the Secretarial Audit, We hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016, 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the aforesaid period, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') namely:
 - (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 is not applicable since the Company has not issued Capital during the year under review.
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is not applicable since the Company has not issued securities under ESOP.
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 is not applicable since the Company has not issued Debt Securities during the 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;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 are not applicable.
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 is not applicable.
- (vi) Merchant Shipping Act, 1958 and the other Acts as prescribed by the Directorate General of Shipping under Ministry of Shipping, Government of India.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India as notified.



- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange and Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above subject to the following observation:

QUALIFICATIONS

- 1) *The Company does not have a Whole time Company Secretary as required under section 203(1)(ii) of the Companies Act 2013 and Rules made thereunder.*
- 2) *The Company does not have Whole time Company Secretary as Compliance Officer as required under **Clause 47(a)** of the Listing Agreement as entered between the Company and the Bombay Stock Exchange and **regulation 6(1)** of the Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 . However the Company had advertised their requirement for a Company Secretary and have yet to find a suitable candidate.*
- 3) *As per SEBI Circular no Cir/ISD/ 3/2011 dated 17th June, 2011, 100% of promoter's and promoter group's shareholding should be dematerialized. However the Promoter's and Promoter's group's shareholding of the Company is **NOT** 100% held in Dematerialized Form.*

We further report that

The Board of Directors of the Company was duly constituted having one whole time Director and three independent Directors.

Adequate notices were given to the Directors to schedule the Board Meetings and the agenda and detailed notes on agenda together with the notice were sent at least seven days in advance. The Company has a proper system in existence to enable the Directors to seek and obtain further information and clarifications on the agenda items before the meeting, as also for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company, except for those qualified above, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the period the Company has not undertaken any specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

For example:

- (i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc.
- (ii) Redemption / buy-back of securities
- (iii) Merger / Amalgamation / Reconstruction, etc.
- (iv) Foreign Technical Collaborations

NEVILLE DAROGA & ASSOCIATES
Practicing Company Secretary
Neville K. Daroga

Proprietor
ACS No.8663
C.P No. 3823

Place: Mumbai

Date: 18th July, 2016

**Annexure-III**

Part-A: Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- 1. Ratio of remuneration of each Director to the median remuneration of the employees of the Company for the FY 2015-16 as well as the percentage increase in remuneration of each Director, Chief Financial officer is as under:**

| Sr. No. | Name of Director /KMP | Designation | Ratio of remuneration of each Director to median remuneration of employees | Percentage increase in remuneration in the Financial Year 2015-16 |
|---------|-----------------------|------------------------------|--|---|
| 1 | Sarvesh Kumar Shahi | Chairman & Managing Director | 24.30 | NIL |
| 2 | Hema Kiran Thakur | Independent Director | 0.26 | NIL |
| 3 | V. I. Shivaraman | Independent Director | 0.16 | N.A.* |
| 4 | Lavina Kripalani | Independent Director | 0.16 | N.A.* |
| 5 | Meena Asati | Chief Financial Officer | 1.85 | 6.50 |

*No comparative figures available of FY 2014-15

- 2. The percentage increase in the median remuneration of employees in the financial year.**

The percentage increase in the median remuneration of employees in the financial year 2015-16 was 32.80%

- 3. Number of Permanent employees on the rolls of the company**

The Company had 45 permanent employees on the rolls of the Company as on March 31, 2016.

- 4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof.**

Average percentile increase made in salaries of employees other than the managerial personnel in the last financial year i.e 2015-16 was 14.19% whereas the increase in the managerial remuneration for the same financial year was 6.50%.

The increment given to each individual employee is based on the employees' potential, experience as also their performance and contribution to the Company's progress over a period of time and also as per market trend.

- 5. Key parameters for any variable component of remuneration availed by the directors.**

The key parameters for any variable component of remuneration availed by the Managing Director is approved by the shareholders. Independent Directors are paid sitting fees as determined by the Board of Directors and as per the Nomination and Remuneration Policy.

- 6. Affirmation that the remuneration is as per the remuneration policy of the Company.**

It is hereby affirmed that the remuneration paid is as per the Nomination and Remuneration Policy.

Part-B: Information of the Top Ten Employees of the Company in terms of remuneration drawn as per Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

| Sr. No. | Employee Name | Designation | Age | Nature of Employment (Whether Contractual or otherwise) | Remuneration FY 2015-16 | Qualification and Experience | Date of Commencement of employment | Last Employment held | Percentage of equity shares held by the employee |
|---------|--------------------------|---------------------|-----|---|-------------------------|--|------------------------------------|----------------------|--|
| 1 | S. K. SHAHI | CMD | 59 | Permanent | 4,200,000 | Done Executive Mgt course from MIT BOSTON, USA | Since Inception | NA | 13.99% |
| 2 | Haiderali Shaikh | General Manager | 45 | Permanent | 730,771 | 12th | Since Inception | NA | NIL |
| 3 | Rajendra Godinho | CTO | 40 | Permanent | 648,064 | B.com Graduate | 07/10/2014 | NA | 0.80% |
| 4 | Samirsh Kumar | Director | 48 | Permanent | 614,999 | B.com Graduate | Since Inception | NA | NIL |
| 5 | C.K Mondal | Dy.Manager | 55 | Permanent | 596,400 | B.E | 20/08/1992 | NA | NIL |
| 6 | Nutuankumar Duragkar | DGM- LEGAL & ADMIN. | 61 | Permanent | 589,370 | B.Tech, LLB | 05/06/2013 | NA | NIL |
| 7 | Ghanshyam Choudhary | Purchase VB | 53 | Permanent | 418,968 | MA | 16/11/2000 | NA | NIL |
| 8 | Prabhat Singh | JT GM | 55 | Permanent | 401,371 | BA | Since Inception | NA | NIL |
| 9 | Rupesh K Shahi | Manager | 33 | Permanent | 373,650 | BE | 01/09/2007 | NA | NIL |
| 10 | Md Ali Badrimian Mansuri | Electrician | 35 | Permanent | 359,516 | 12th | 25/11/2013 | NA | NIL |



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(a) INDUSTRY STRUCTURE AND DEVELOPMENT

About 90% of the global trade (in terms of volume) is carried via sea route, making the industry the lifeline of the world's economy. Due to the mobile nature of the asset class (ships), the freight rates ruling in any particular route is not significantly different from those of another. On account of this, the Indian Shipping Industry is highly intertwined with global shipping industry. Depending on the nature of cargo carried, shipping industry can broadly be classified into three segments: Dry Bulk, Wet Bulk (Tankers) and Containership segment. While Dry Bulk Carriers carry Iron Ore, Steel, Coal etc., tankers are used for transporting Crude Petroleum (Crude Carriers), downstream refined products (Product Tankers) and Chemicals (Specialized carriers e.g. LNG carriers).

The importance of Shipping in India has increased multiple times in the past few years. India lies in geographical proximity to important shipping routes which gives a natural advantage to the country's shipping. In terms of total tonnage for the current year, major ports saw cargo volumes grow 4.31 % in fiscal 2015-16 to 606.4 million tons from 581.34 million in the previous year. Kandla demonstrated a record-setting annual volume of 100 million tons, followed by Paradip at 76.4 million tons; JNPT at 64 million tons; Mumbai at 61 million tons; Visakhapatnam at 57 million tons; and Chennai at 50 million tons, according to the collected data. These figures indicates growth prospectus in near future for your company. Your Company have designed strategies to capture opportunities availed to the industry.

(b) OUTLOOK ON OPPORTUNITIES

India is the sixteenth largest maritime country in the world, with a coastline of about 7,517 kms and home to 14,500 kms of navigable waterways to movement of mechanized vessels. The country has 12 major ports and 187 non-major ports. The Indian ports and shipping industry plays a vital role in sustaining growth in the country's trade and commerce. The Ministry of Shipping has formulated a Perspective Plan 'The Maritime Agenda 2020–2020' to develop the maritime sector. This Plan includes forecasts for traffic and capacity additions at the ports up to 2020. The estimated capacity of the ports would be 3,130 MMT by 2019–2020. The Ministry has launched the ambitious Sagarmala Project which endeavors to transform the Indian shipping sector. This project includes modernisation of ports and islands, setting up of coastal economic zones, new major ports and fish harbours. The Government of India has allowed Foreign Direct Investment (FDI) of up to 100 per cent under the automatic route for port and harbour construction and maintenance projects. It has also facilitated a 10-year tax holiday to enterprises that develop, maintain and operate ports, inland waterways and inland ports.

(c) THREATS, RISKS AND CONCERNS

The high maintenance and operating costs for vessels of the Company bringing down the possibility of a level playing field with foreign competitors. Your Company has carried out a detailed exercise to identify the various risks faced by the Company, and has put in place mitigation, control and monitoring plans for each of the risks. The efficiency of these processes will be monitored on a regular basis. Shipping is a global business whose performance is closely linked to the state of the global economy. Therefore, the earnings of your Company could be impacted negatively if the global economic situation does not improve over the longer term. Over and above the economic risks the shipping industry is impacted by numerous short term and regional factors, like political fallouts, weather changes, etc. This results in great amount of volatility in the freight market, which in turn impacts your Company's earnings. As per the recent past records, China has been the main driving factor of the shipping demand. The Chinese economy is currently experiencing headwinds in growth. The Global growth is declining, while concerns swirl around China's economic slowdown.

(d) SEGMENT WISE PERFORMANCE

The Company operates in only one segment i.e. shipping, and therefore, has no separate reportable segments. Your company continued to provide services in the areas of Container Liquid Cargo lighter age operations of Petroleum & Chemical Products, lighter age operations of Bulk Cargo, Tug services for port related activities, supply of bunkers to vessels and Container Feeder Service on Indian Coasts through its fleet of vessels. The business development period provides an opportunity to create value and lean period provide to undertake major repairs and maintenance of vessels. The fleet utilization during the period under review was efficient.

**(e) OUTLOOK**

The shipping industry is poised for growth in the coming years. Your company with some inherent advantages such as low operation cost, committed professional manpower and proper upkeep of vessels is expected to cash on the opportunities provided.

Your Company has since last few years taken initiatives to broaden its fleet base to minimize the risks and maximize the gains.

(f) PROJECT

Your Company has carried out a market survey on Indian costal business opportunities and based on its finding proposing to acquire suitable petroleum and allied carrying vessels, which if commenced, will significantly grow the profitability of the Company.

(g) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Much of the success of your company is attributed to the quality of its people, their dedication and contribution. The dedicated team of shore and floating staff provides continuous support to the operations of the company, which is reflected in the operational efficiency. Voyage operations are managed professionally, ensuring high productivity levels, thus increasing the revenues. Your Company employs skilled personnel to monitor and maintain its oil-spill and other emergency response plans.

(h) QUALITY & SAFETY

Your company continues to focus on the safety, training and development of the employees. The company also conducts frequent training sessions including onboard drills to enhance the effectiveness of the safety of the staff. Your company firmly believes that pursuit of excellence is one of the critical components for competitive success in the global market. Your Directors take pleasure in informing you that your company has upgraded ISO to latest gradation standards. The Company has also obtained Trade mark certificate from Trade mark Registry Certification to safeguard the interest of the Company and is on continuous journey towards continual improvement to make its Quality Management System more effective.

(i) HUMAN RESOURCES

The Company considers its employees as partners in growth. They have played a significant role and enabled the Company to deliver superior performance year after year.

(j) ADEQUACY OF INTERNAL CONTROLS

Your company believes in formulating adequate and effective internal control systems and implementing the same strictly to ensure that assets and interests of the company are adequately safeguarded. The Company has adopted the all reasonable processes and procedures that management puts in place to help and make sure that its assets are protected and that company activities are conducted in accordance with the organization's policies and procedures. As observed by auditors, the company, going forward, would deploy news tools and technique to strengthen its Internal Financial Controls and to facilitate smooth and efficient functioning of the activities of business paving way for compliance of internal control norms stated in the guidance note on 'Audit of Internal Financial Controls over Financial Reporting' issued by the Institute of Chartered Accountants of India.

(k) CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's strategies on business, projections and estimates are forward looking statements within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events. The actual results may vary from those expressed or implied, depending upon economic conditions, Government policies, regulations, tax laws and other incidental factors.



CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Shahi Shipping Limited (SSL) is committed to good corporate governance in order to enhance the shareholders' value and promote national interest.

In order to achieve the objectives of good corporate governance, SSL follows the principles of transparency, disclosure, fairness, independent supervision, healthy competition, compliance with all the relevant laws, regulations, improvement in quality of life and meeting social responsibility.

The Company complies with the requirements as laid down in clause 49 of the Listing Agreement and regulations 17 to 27, clauses (b) to (i) of Sub-regulation (2) of regulation 46 and paragraph C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with Stock Exchanges in India. The detailed report on implementation of Corporate Governance Code is set out herein below.

It is expected that good corporate governance by Shahi Shipping Ltd would protect and enhance the trust of shareholders, customers, suppliers, financiers, employees, government agencies and the society at large.

2. BOARD OF DIRECTORS

The company has 4(four) directors which includes Chairman & Managing Director & 3(Three) independent Directors drawn from diverse fields.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting as also the number of Directorships and Committee Memberships held by them in other companies is given in separate tables below.

| Name of Directors | Category | No. of Directorships in other companies @ | No. of other Committee Directorship | |
|---|--|---|-------------------------------------|--------|
| | | | Chairman | Member |
| Mr. S. K. Shahi (DIN No.00359535) | Promoter, Executive Chairman & Managing Director | 4 | - | - |
| Ms. Lavina Chatur Kripalani* (DIN No. 07167579) | Non Promoter, Non Executive Independent Director | - | - | - |
| Mr Venkatasubramanian Iyer Shivaraman* (DIN No. 07165080) | Non Promoter, Non Executive Independent Director | - | - | - |
| Ms. Hema K Thakur (DIN No.01363454) | Non Promoter, Non Executive, Independent Director | 2 | - | - |

@This includes directorships in private limited companies but excludes directorships held in Foreign Companies and Companies formed under section 8 of the Companies Act, 2013.

*Appointed as Additional Directors and Independent Directors w.e.f. 25/04/2015.

It is to be noted that the non executive Independent Directors of the company have no stake in the shareholding of the company.

ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING

A total of Five meetings of the Board of Directors were held during the year under review on 28th May 2015, 14th August 2015, 30th October 2015, 14th November 2015 and 12th February 2016.

The maximum time gap between two board meetings was less than four months.



Attendance of each director at the Board meetings and the last Annual General Meeting (AGM) is as under.

| Name of Directors | Meetings held during the tenure of the said Director | Meetings attended | Attendance during the General Body Meeting |
|---------------------------------------|--|-------------------|--|
| Mr. S. K. Shahi | 5 | 5 | YES |
| Ms Hema Thakur | 5 | 4 | YES |
| Ms Lavina Chatur Kripalan | 5 | 5 | YES |
| Mr Venkatasubramanian Iyer Shivaraman | 5 | 5 | NO |

3 INDEPENDENT DIRECTORS MEETING

A separate meeting of the Independent Directors of the Company was held on 12th March 2016 without the attendance of Non-Independent Directors and Members of the management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, reviewed the performance of the Chairman of the Board taking into account the views of the Executive Directors and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company management and the Board required to effectively and reasonable perform there duties and have expressed satisfaction.

4. AUDIT COMMITTEE

The Audit Committee of the Company inter alia performs all the functions specified under the Companies Act, 2013 & clause 49 of the listing agreement. The committee comprises three directors. The primary objective of the Audit Committee is to monitor and effectively supervise the company's financial reporting process with a view to providing accurate, timely and proper disclosures and integrity and quality of the financial reporting. The terms of reference of the Audit Committee are in accordance with Clause 49 of the Listing Agreement and inter alia cover the following:

- i. To investigate any activity within its terms of reference.
- ii. To seek information from any employee/records of the company.
- iii. To obtain outside legal or other professional advice.
- iv. To secure attendance of outsiders with relevant expertise, if it considers necessary.
- v. Overseeing Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- vi. Recommending the appointment and removal of external auditor, fixation of audit fees and also approval of payment for any other services.
- vii. Reviewing with management quarterly/half yearly/annual financial statements before submission to the Board.
- viii. Reviewing the adequacy of internal audit function including discussions with internal auditor any significant findings and follow up thereon.
- ix. Discussion with external auditors before the commencement of audit, the nature and scope of audit and also to discuss the areas of concern on basis of audit findings.
- x. Reviewing the company's financial and risk management policies including any other item referred to it by the Board of directors.

COMPOSITION

Composition, name of members and Chairman and attendance details of the Audit Committee are as under:

| Name of Director | Designation | Status | No. of meeting held | No. of meeting attended |
|---|-------------|--|---------------------|-------------------------|
| Ms Hema Thakur * | Chairperson | Non Executive, Independent Director | 4 | 3 |
| Ms. Lavina Chatur Kripalani** | Member | Non Executive, Independent Director | 4 | 4 |
| Mr Venkatasubramanian Iyer Shivaraman** | Member | Non Executive, Independent Director | 4 | 4 |

* Nominated and Appointed as Chairperson w.e.f 28/05/2015

** Nominated and Appointed as Member of the Audit Committee w.e.f. 28/05/2015.



During the year 2015-16 four meetings of the Audit Committee were held on the following dates: 28th May 2015, 14th August 2015, 14th November 2015 and 12th February 2016.

5. NOMINATION AND REMUNARATION COMMITTEE

The Nomination and Remuneration Committee of the Company in line with the provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Companies Act, 2013.

TERMS OF REFERENCE

The terms of reference of the Nomination and Remuneration Committee are:

- (1) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- (2) Formulate criteria for evaluation of Independent Directors and the Board.
- (3) Identify person who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- (4) To carry out evaluation of every Directors performance.
- (5) To recommend to the Board the appointment and removal of Directors and Senior Management.
- (6) To recommend to the Board policy relating to remuneration for Directors , Key Management Personnel and Senior Management.
- (7) Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- (8) To devise a policy on Board diversity.
- (9) To carry out any other function as is mandated by the Board from time to time and /or enforced by any statutory notification, amendment or modification, as may be applicable.

COMPOSITION, MEETINGS AND ATTENDANCE

The Nomination and Remuneration committee comprises of 3 directors, All three are Independent Non Executive Directors and one Whole Time Director. The Chairman of the committee is an Independent Non Executive Director nominated by the Board.

The Composition of the Nomination & Remuneration Committee is as follows.

| Name of Director | Designation | Status |
|--|-------------|----------------------------|
| Ms Lavina Chatur Kripalani * | Chairperson | Independent, Non Executive |
| Mr Venkatasubramanian Iyer Shivaraman ** | Member | Independent, Non Executive |
| Ms Hema Thakur | Member | Independent, Non Executive |

* Nominated and appointed as chairperson of Nomination and Remuneration Committee w.e.f. 28/05/2015

** nominated and Appointed as Member of Nomination and Remuneration Committee w.e.f. 28/05/2015.

During the year 2015-2016, One meeting of the committee were held on 14thAugust, 2015.

DIRECTORS' REMUNERATION

(A) REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTORS

The Non Executive / Independent Directors were paid sitting fees for attending the meeting of the Board or Committee thereof and the amount paid for sitting fees were not exceed the maximum amount as provided in the Companies Act 2013.

The compensation of Non Executive Directors is approved unanimously by the Board None of the Non Executive Directors has any material pecuniary relationship or transactions with the company.

Details of Remuneration paid to all Directors:



| Name of Directors | Category/Status | Sitting Fees (Rs.) | Salary (Rs.) | Bonus/ Commission (Rs.) | Service Contract |
|---------------------------------------|--|--------------------|--------------|-------------------------|--|
| Mr. S. K. Shahi | Promoter, Executive Chairman and Managing Director | - | 4200000/* | - | 2 years w.e.f 1 st April 2015 |
| Ms Hema Thakur | Non Executive Independent Director | 45000/- | - | - | No service contract |
| Ms Lavina Chatur Kripalan | Non Executive Independent Director | 27500/- | - | - | No service contract |
| Mr Venkatasubramanian Iyer Shivaraman | Non Executive Independent Director | 27500/- | - | - | No service contract |

*In Addition to this sum of Rs 180000/- as a Contribution to Provident Fund

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholder Relationship Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with section 178 of the Companies Act, 2013.

TERMS OF REFERENCE

- To consider and resolve the grievances of security holders of the Company including complaints related to:-
 - Transfer of Shares
 - Non-receipt of Balance Sheet
 - Non-receipt of declaration dividend and
 - Any other investors grievance raised by any security holders
- Such other matters as May from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.
- To approve request received for transfer, transmission, demat etc. of securities of the Company

The Stakeholder Relationship Committee consists of the following:

| Name of Directors | Designation | Status |
|--|-------------|----------------------------|
| Mr Venkatasubramanian Iyer Shivaraman* | Chairman | Independent, Non-Executive |
| Ms Lavina Chatur Kripalani** | Member | Independent, Non-Executive |
| Ms Hema Thakur | Member | Independent, Non-Executive |

* Nominated and appointed as chairman of Stakeholder Relationship Committee w.e.f. 28/05/2015.

** Nominated and Appointed as Member of the Stakeholder Relationship Committee w.e.f. 28/05/2015.

During the year 2015-16, one meeting of the Stakeholder Relationship committee was held on 12th February, 2016.

During the year 2015-16, no complaint were received from the investors.

NAME & ADDRESS OF COMPLIANCE OFFICER

Mr. Nutan kumar Duragkar,
404, Abhay Steel House, Baroda Street,
Mumbai – 400 009.
E-mail: admin@shahilogistics.com

CEO AND CFO CERTIFICATION

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the CEO and CFO certification is provided in this Annual Report.



RISK MANAGEMENT

The Company has set in motion a system for management of risks associated with the orderly functioning of the Company. The audit committee has been mandated the accountability for integration of risk management practices into day to day activities

7. GENERAL BODY MEETINGS

A) The venue and time where last three Annual General Meetings were held is given below.

| Financial Year | Meeting | Date | Time | Location |
|----------------|---------|-------------|------------|--|
| 2012-2013 | AGM | 30.09.2013 | 11.00 A.M | Kilachand Conference Room, Indian Merchants Chamber, Mumbai |
| 2013-2014 | AGM | 04.10.2014* | 10.30 A.M. | 404, Abhay Steel House, Baroda Street, Masjid, Mumbai |
| 2014-2015 | AGM | 29.09.2015 | 10.00 A.M. | 404, Abhay Steel House, Baroda Street, Masjid, Mumbai |

* Called on 27.09.2014 but due to lack of quorum adjourned & held on 04.10.2014

B) Information about special resolutions passed in previous three Annual General Meeting:

| Year | Date of AGM | Time | Special Resolution Passed |
|---------|-------------|-----------|--|
| 2012-13 | 30.09.2013 | 11.00A.M | No Special Resolution were passed in the Meeting |
| 2013-14 | 04.10.2014* | 10.30A.M | No Special Resolution were passed in the Meeting |
| 2014-15 | 29.09.2015 | 10.00A.M. | No Special Resolution were passed in the Meeting |

* Called on 27.09.2014 but due to lack of quorum adjourned & held on 04.10.2014

8. SUBSIDIARIES

The Company has two subsidiaries Company namely SKS waterways Ltd & Royal Logistics (Ship) Ltd which have not yet started their operations. . Hence the consolidated financial statement of the Shahi Shipping Limited and its subsidiaries SKS waterways Ltd Royal Logistics (Ship) Ltd has not been prepared.

9. DISCLOSURES

I. Related Party Transaction

There were no materially significant transactions entered into by the Company with the related parties which might be deemed to have had a potential material conflict with the interest of the Company at large.

The details of the related party transaction entered during the year and disclosures as required by the Accounting Standard (AS 18) were made in Note No 22(XVII) of notes forming part of the financial statements.

II. Whistle Blower Policy

The Company has put in place a Whistle Blower Policy to provide an open and transparent working environment and to promote responsible and secure whistle blowing system for directors and employees of the Company to raise concern. The policy broadly cover instances of unethical behavior , actual or suspected fraud or violation of the Company's code of conduct , alteration of documents , fraudulent reporting , misappropriation / misuse of Company's assets , manipulation of Company's data, pilferage of proprietary information, abuse of authority etc. The Policy provides adequate safeguard against victimization of directors, Employees who raise the concern and have access to Chairman of Audit Committee who is entrusted to oversee the whistle blower mechanism.

III. Any Non- compliance, Penalties or Strictures Imposed

During the last three years, no penalty or strictures have been imposed on the Company by the Stock Exchange/SEBI/Statutory Authorities on matters related to capital markets.

10. CODE OF CONDUCT

The Board of Directors has adopted a Code of Business Conduct and Ethics for Directors and Senior Management. The said code has been communicated to the directors and Senior Management. The code is also uploaded on the company's website www.shahilogistics.com.

**11. MEANS OF COMMUNICATION**

The approved financial results are forthwith sent to the Listed Stock Exchange and are published in the leading national newspapers namely Free Press Journal and Navshakti (Marathi) within forty-eight hours of approval thereof. These results and other official releases are also available at the company's website www.shahilogistics.com and of the Bombay Stock Exchange Ltd, Mumbai at www.bseindia.com

12. COMPLIANCE CERTIFICATE OF THE AUDITORS

The statutory auditors have certified that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the listing agreement with the stock exchange and the same is annexed to the Directors Report.

The certificate from the auditors will be sent to the stock exchange where company's shares are listed.

13. GENERAL SHAREHOLDER INFORMATION**(a) ANNUAL GENERAL MEETING:**

Date and time: 29th September 2016 at 11.00 A M
Venue: 404, Abhay Steel House, Baroda Street,
Masjid (East), Mumbai - 400009

(b) FINANCIAL CALENDAR

Financial reporting for

Quarter ending 30th June 2016 Before August 14th, 2016
Quarter ending 30th September 2016: Before November 14th, 2016
Quarter ending 31st December 2016: Before February 14th, 2017
Year ending 31st March 2017: Before May 30th, 2017

(c) DATE OF BOOK CLOSURE: 23 September, 2016 to 29 September 2016 (both days inclusive)**(d) Listing of Equity shares: Bombay Stock Exchange Limited**

The equity shares of the company are listed on Bombay Stock Exchange Limited (BSE). Annual listing fees have been paid to the Bombay Stock Exchange Limited as and when it fall due for payment.

(e) Scrip code: 526508 SKS LOGISTICS LIMITED

(f) Demat ISIN No: INE825D01016

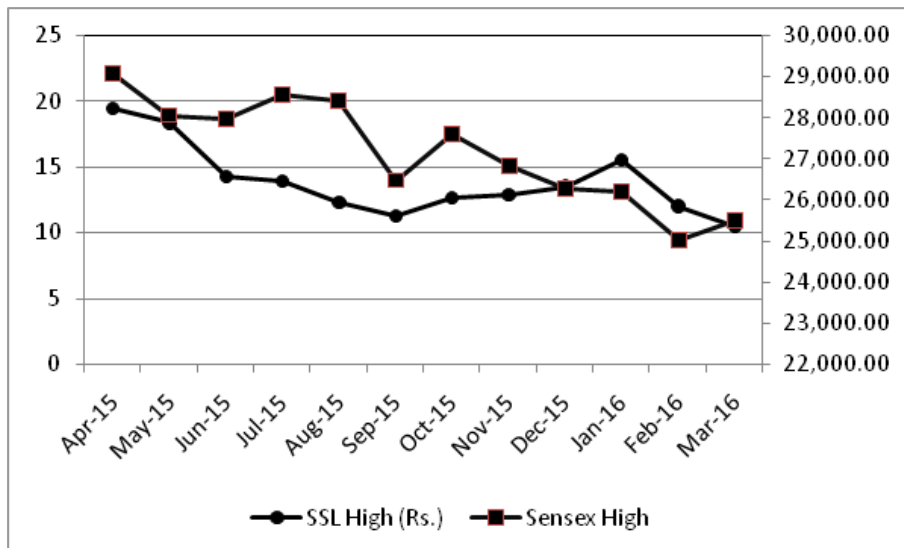
(g) Stock market data:

The month-wise movement (High & Low) of the equity shares of the Company at the Bombay Stock Exchange Limited, Mumbai, during each month for the year ended 31st March 2016 is as under:

| Month | High (Rs.) | Low (Rs.) |
|----------------|------------|-----------|
| April 2015 | 19.42 | 12.38 |
| May 2015 | 18.35 | 12.35 |
| June 2015 | 14.22 | 10.75 |
| July 2015 | 13.86 | 11.02 |
| August 2015 | 12.28 | 9.5 |
| September 2015 | 11.26 | 8.9 |
| October 2015 | 12.6 | 9.6 |
| November 2015 | 12.88 | 9.8 |
| December 2015 | 13.49 | 11.2 |
| January 2016 | 15.5 | 11.21 |
| February 2016 | 12.00 | 8.55 |
| March 2016 | 10.45 | 8.51 |



(h) Performance of Share price of the Company in comparison to the BSE Sensex:
SSL Share price V/s Sensex Movement



(i) Registrar and Share Transfer Agent:

System Support Services

209, Shivai Industrial Estate,
89, Andheri-Kurla Road,
Sakinaka, Mumbai – 400 072.
Telephone: 28500835.

Fax 2850143, E-mail: zip@sysss.com

(j) Distribution of shareholding as on 31st March 2016:

| Shareholding | No of Share holders | % to no of Share holders | No. of Shares | % to paid up Capital |
|-----------------|---------------------|--------------------------|-----------------|----------------------|
| Up to 500 | 4845 | 84.63 | 925252 | 6.38 |
| 501 – 1000 | 479 | 8.37 | 397030 | 2.74 |
| 1001 – 2000 | 188 | 3.28 | 293435 | 2.02 |
| 2001 – 3000 | 51 | 0.89 | 134545 | 0.93 |
| 3001 – 4000 | 40 | 0.699 | 145630 | 1.01 |
| 4001 – 5000 | 25 | 0.44 | 118362 | 0.82 |
| 5001 – 10000 | 43 | 0.75 | 313109 | 2.16 |
| 10001 and above | 54 | 0.94 | 12167511 | 83.94 |
| Total | 5725 | 100 | 14494874 | 100 |

(k) Distribution of shareholding as on 31st March 2016:

| Category | No. of Shares | Percentage |
|---|-----------------|---------------|
| Promoters | 10596838 | 73.11 |
| Mutual fund | 200 | 0.0014 |
| Bank /Financial / Institutions /Governments | 250 | 0.0017 |
| Corporate bodies | 330810 | 2.28 |
| FII / NRI / OCB | 51061 | 0.35 |
| Indian Public | 3515715 | 24.25 |
| Total | 14494874 | 100.00 |



(l) Dematerialization of shares

The Company's shares are compulsorily traded in dematerialized form. As on 31st March 2016, 96,68,331 shares were in dematerialization form with the NSDL & CDSL. This work out to 66.70% of the total number of shares.

(m) Share Transfer System

Share transfer in physical form are processed and returned to the shareholders within stipulated time. Half yearly Transfer Audit and Quarterly Secretarial Audits are carried out by a Practicing Company Secretary.

(n) Plant Locations

The Company does not have any plant since it is engaged in the business of Shipping.

(o) Investors Correspondence

System Support Services,
209 Shivai Industrial Estate
89, Andheri Kurla Road,
Sakinaka, Mumbai- 400072.
E-mail: zip@sysss.com

SARVESH KUMAR SHAHI
CHAIRMAN AND MANAGING DIRECTOR

Place: Mumbai

Date: 13th August 2016



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Shahi Shipping Ltd.
Mumbai.

We have examined the compliance of the conditions of Corporate Governance by Shahi Shipping Ltd. (the Company) for the year ended 31st March 2016, as stipulated in clause 49 of the Listing Agreement of the said company and regulations 17 to 27, clauses (b) to (i) of Sub-regulation (2) of regulation 46 and paragraph C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

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

For N. D. HEDA & CO.
Firm Registration No. 103604W
Chartered Accountants.

N. D. HEDA
Proprietor
Membership No. 32450

Place : Mumbai
Date : 13/08/2016



CERTIFICATE OF COMPLIANCE TO BE GIVEN BY THE CEO/CFO OF THE COMPANY

We, Sarvesh Kumar Shahi, Managing Director [Chief Executive Officer] and Meena Asati, Chief Financial Officer of Shahi Shipping Limited [the Company], do hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the year 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 listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions entered into by the listed entity during the year which is fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity 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 these have been disclosed in the notes to the financial statements; and
 - (3) that there were no instances of fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Sarvesh Kumar Shahi
Managing Director/CEO
DIN : 00359535

Meena Asati
Chief Financial Officer

Place: Mumbai

Date: 30/05/2016



DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Board members and Senior Management Personnel of the Company have affirmed compliance with the respective Codes of Conduct, as applicable to them for the year ended 31st March, 2016.

For Shahi Shipping Limited

Sarvesh Kumar Shahi
Managing Director
DIN : 00359535

Date: 30/05/2016
Place: Mumbai



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SHAHI SHIPPING LIMITED.

Report on the Financial Statement

We have audited the accompanying financial statement of the **Shahi Shipping Ltd.**, (The Company), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and Cash Flow statement for the year ended and a summary of significant accounting policies and other explanatory information.

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 gives a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the Accounting principles generally accepted in India, including the Accounting Standards referred under section 133 of the Companies Act 2013, ("The Act") read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding assets of the Company and for preventing and detecting 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 internal financial controls, 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.

Auditor's Responsibility.

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standard on Auditing specified under section 143(10) of the Companies Act 2013. Those standards requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedure to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31st march 2016 and its Loss and its Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by The Companies (Auditors 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.
2. As required by section 143(3) of the Company Act 2013, 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 purpose of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as it appears from our examination of such books.
 - c) The Balance Sheet and Statement Profit and Loss and Cash Flow statement, dealt with by this report are in agreement with books of accounts.
 - d) In our opinion, the financial statements comply with the Accounting Standards specified under section 133 of the act, read with Rule 7 of the Companies (Accounts) Rules 2014.



- e) On the basis of written representations received from the directors as on 31st March 2016 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of section 164 (2) of the Companies Act, 2013.
- f) With respect to the internal financial controls over financial reporting of the Company, refer to our separate report in 'Annexure B'.
- g) With respect to other matters to be included in the Auditors Report in accordance with rules 11 of the Companies (Audit and Auditors) Rules 2014 in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company does not have any pending litigations which would impact its financial position.
 - (ii) The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long term contracts including derivative contracts and
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For N. D. HEDA & CO.
Firm Registration No. 103604W
Chartered Accountants

(N. D. HEDA)
Proprietor
M. N. 32450

Place: Mumbai
Date : 30/05/2016

**ANNEXURE 'A' TO THE AUDITORS' REPORT:-**

The Annexure referred to in Independent Auditors' Report to the members of Shahi Shipping Ltd for the year ended 31st March 2016, we report that:

1. a) The Company has maintained on year to year basis the records showing particulars including quantitative details of fixed assets and company is in process of updating the fixed assets register.
- b) Some fixed assets have been physically verified by the management during the year in accordance with phased program of verification adopted by the company. No material discrepancies between the book records and physical inventory were noticed in respect of assets physically verified during the year.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company, except for the following:

(Rs in Lacs)

| Particulars | Office Premises* |
|------------------------------------|------------------|
| Gross Block as at 31 March 2016 | 2.34 |
| Net Block as at 31 March 2016 | 1.92 |

* Included under the heading Building in the Note no 10(a) to the Financial Statements.

2. The Company is in Shipping business, therefore Clause of the above mentioned order regarding inventory and its physical verification, etc., do not apply in its case. The Company does purchase stores and spare parts for its ships & barges which are directly treated as consumed as and when supplied to its ships & barges. Thus paragraph 2 (i), (ii) and (iii) of the order is not applicable.
3. The Company has not given any Loans, secured or unsecured to companies, firm or other parties listed in the register maintained under section 189 of Companies Act, 2013.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provision of section 73 to 76 of the Act and Rules framed there under.
6. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013, for any of the services rendered by the company.
7. a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed material statutory dues in respect of provident fund, employees state insurance, sales-tax, income-tax, service tax, customs duty, excise duty, value Added Tax, cess and other material statutory dues as applicable, have been generally regularly deposited by the Company during the year with the appropriate authorities except due in respect of Income Tax. The extent of the arrears of statutory dues outstanding as at 31/03/2016 for a period of more than six months from the date became payable in respect of Income Tax pertaining to financial years 2010-11 & 2011-2012 Rs 9.46 Lacs.
- b) According to the information and explanation given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty or Value Added Tax outstanding on account of any dispute.
8. According to the information and explanations given by the management, the Company has overdue repayment of loan installment of Dena Bank Term Loan aggregating to Rs 64.50 Lacs and overdue installment of Interest on Dena Bank Term Loan aggregating to Rs 244.62 Lacs relating to Financial Year 2013-14 to 2015-2016. There are no Debenture Holders.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
10. According to the information and explanations 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.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration for the current year in accordance with the provisions of Section 197 read with Schedule V to the Act.



12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. 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.
14. 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.
15. 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 him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

For N. D. HEDA & CO.
Firm Registration No. 103604W
Chartered Accountants.

N. D. HEDA
Proprietor
Membership No. 32450

Place: Mumbai
Date : 30/05/2016

**ANNEXURE 'B' TO THE AUDITOR REPORT :-****Report on the Internal Financial Controls 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 **Shahi Shipping Ltd.**, (The Company) as of 31 March 2016 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 the 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.

Because of the matter described in Disclaimer of Opinion paragraph below, we are not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on 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 the 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.

Disclaimer of Opinion

According to the information and explanation given to us, the Company has not established its internal financial control over financial reporting on criteria based on or 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. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2016.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and the disclaimer does not affect our opinion on the financial statements of the Company.

For N. D. HEDA & CO.
Firm Registration No. 103604W
Chartered Accountants.

N. D. HEDA
Proprietor
Membership No. 32450

Place: Mumbai

Date : 30/05/2016

**Balance Sheet as at 31st March 2016**

| Particulars | Note No. | As at 31 March 2016 Rs. | As at 31 March 2015 Rs. |
|------------------------------------|-----------|----------------------------|----------------------------|
| I. EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 2 | 144,948,740 | 144,948,740 |
| (b) Reserves and surplus | 3 | 67,668,099 | 92,898,471 |
| 2 Non-current liabilities | | | |
| (a) Long-term borrowings | 4 | 7,038,141 | 24,289,911 |
| (b) Deferred tax liabilities (Net) | 5 | 17,003,563 | 34,836,675 |
| (c) Long-term provisions | 6 | 2,943,352 | 2,830,705 |
| 3 Current liabilities | | | |
| (a) Short-term borrowings | 7 | 127,551,760 | 107,735,513 |
| (b) Trade payables | 8 | 34,185,516 | 34,591,141 |
| (c) Other current liabilities | 9 | 38,705,896 | 111,999,784 |
| | | 440,045,067 | 554,130,940 |
| II. ASSETS | | | |
| Non-current assets | | | |
| 1 (a) Fixed assets | 10(a & b) | | |
| (i) Tangible assets | | 152,318,291 | 209,557,133 |
| (ii) Capital work-in-progress | | 20,834,200 | 40,814,358 |
| (b) Non-current investments | 11 | 719,930 | 719,930 |
| (c) Long-term loans and advances | 12 | 23,415,791 | 28,606,762 |
| 2 Current assets | | | |
| (a) Trade receivables | 13 | 174,089,415 | 201,722,318 |
| (b) Cash and cash equivalents | 14 | 2,711,290 | 5,783,000 |
| (c) Short-term loans and advances | 15 | 1,255,044 | 2,285,956 |
| (d) Other current assets | 16 | 64,701,106 | 64,641,483 |
| | | 440,045,067 | 554,130,940 |

The Notes are an Integral part of these financial statements

AS PER REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

FOR N. D. HEDA & CO
Firm Registration No. 103604W
Chartered Accountants

S. K. SHAHI
Chairman & Managing Director
(DIN No. 00359535)

N. D. HEDA
PROPRIETOR
MEMBERSHIP NO. 32450

Mrs. Hema Thakur
(Director)
(DIN No. 01363454)

Ms. Meena Asati
(CFO)

PLACE : MUMBAI
DATED: 30/05/2016

**Statement of Profit and loss for the year ended 31st March, 2016**

| Particulars | Refer Note No. | For the year | For the year |
|---|-------------------|---------------------|---------------------|
| | | 2015-16 | 2014-15 |
| | | Rs. | Rs. |
| I. Revenue from operations | 17 | 145,959,878 | 184,413,621 |
| II. Other income | 18 | 2,143,344 | 17,823,015 |
| III. Total Revenue (I + II) | | <u>148,103,222</u> | <u>202,236,636</u> |
| IV. Expenses: | | | |
| Employee benefits expense | 19 | 18,970,873 | 17,796,665 |
| Finance costs | 20 | 14,847,523 | 24,356,620 |
| Depreciation and amortization expense | 10 (a & b) | 29,448,761 | 39,010,889 |
| Operation and Other expenses | 21 | 107,635,777 | 158,536,232 |
| Total expenses | | <u>170,902,934</u> | <u>239,700,406</u> |
| V. Profit/(Loss) before tax (III- IV) | | <u>(22,799,712)</u> | <u>(37,463,770)</u> |
| VI. Exceptional Item | | <u>20,193,072</u> | <u>-</u> |
| VII. Profit/(Loss) before tax after Exceptional item | | <u>(42,992,784)</u> | <u>(37,463,770)</u> |
| VI. Tax expense: | | | |
| (1) Current tax | | | (187,700) |
| (2) Taxation of Earlier Years | | (70,700) | - |
| (3) Deferred tax Credit | | 17,833,112 | 3,240,773 |
| VII Net Profit/(Loss) for the period (V-VI) | | <u>(25,230,372)</u> | <u>(34,410,697)</u> |
| VIII Earnings per equity share: | | | |
| (1) Basic | | <u>(1.74)</u> | <u>(2.37)</u> |
| (2) Diluted | | <u>(1.74)</u> | <u>(2.37)</u> |

The Notes are an Integral part of these financial statements

AS PER REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

FOR N. D. HEDA & CO
Firm Registration No. 103604W
Chartered Accountants

S. K. SHAHI
Chairman & Managing Director
(DIN No. 00359535)

N. D. HEDA
PROPRIETOR
MEMBERSHIP NO. 32450

Mrs. Hema Thakur
(Director)
(DIN No. 01363454)

Ms. Meena Asati
(CFO)

PLACE : MUMBAI
DATED: 30/05/2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016**

| | Amount in Rs 2015-16 | Amount in Rs 2014-15 |
|--|-------------------------|-------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit Before Tax & Extraordinary Items | (22,799,712) | (37,463,770) |
| Adjustment for | | |
| Depreciation | 29,448,761 | 39,010,889 |
| Sundry Credit Balance written back | (1,470,499) | (17,677,202) |
| Bad Debt Written off | 25,677,863 | 40,105,709 |
| Capital WIP Written Off | 20,193,072 | - |
| Profit / loss on sale of Assets (Net) | 5,402,250 | 8,876,184 |
| Dividend Income | (2,700) | (2,905) |
| Interest Income | (670,145) | (142,908) |
| Interest Expenses | 14,190,562 | 23,566,934 |
| Operating Profit before working Capital Changes | 69,969,452 | 56,272,931 |
| Adjustment for | | |
| Trade & Other receivables | 19,378,396 | 12,600,023 |
| Trade Payables | (61,363,621) | (7,026,458) |
| Cash generated from operation | 27,984,227 | 61,846,496 |
| Interest paid | (15,478,841) | (21,070,252) |
| Net cash from operating Activities(A) | 12,505,386 | 40,776,244 |
| B. CASH FLOW FROM INVESTMENT ACTIVITIES | | |
| Purchase of Fixed Assets | (1,395,083) | (7,388,399) |
| Sale of Fixed Assets | 43,763,071 | 2,869,942 |
| Dividend Received | 2,700 | 3,589 |
| Interest Received | 610,522 | 74,413 |
| Net Cash used in Investing Activities(B) | 42,981,210 | (4,440,455) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Borrowings | (58,558,306) | (33,837,489) |
| Net Cash used in Financing Activities(C) | (58,558,306) | (33,837,489) |
| Net Changes in cash & cash equivalents(A+B+C) | (3,071,710) | 2,498,300 |
| Cash & cash equivalents in - opening Balance | 5,783,000 | 3,284,700 |
| Cash & cash equivalents in - Closing Balance | 2,711,290 | 5,783,000 |
| | (3,071,710) | 2,498,300 |

Note:

1. Purchase of Fixed Assets are stated inclusive of capital work- in progress and advances for capital goods, between beginning and end of the year and is treated as part of investing activities.
2. Proceeds from borrowings are shown as net of repayments.
3. Figures in brackets indicates cash outflow.

The Notes are an Integral part of these financial statements

AS PER REPORT OF EVEN DATE
FOR N. D. HEDA & CO
Firm Registration No. 103604W
Chartered Accountants
N. D. HEDA
PROPRIETOR
MEMBERSHIP NO. 32450

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
S. K. SHAHI
Chairman & Managing Director
(DIN No. 00359535)
Mrs. Hema Thakur
(Director)
(DIN No. 01363454)
Ms. Meena Asati
(CFO)

PLACE : MUMBAI
DATED: 30/05/2016

**NOTE No.-1 SIGNIFICANT ACCOUNTING POLICIES****I Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention except for accounting for bonus, leave encashment and receipt of insurance claims which are accounted on cash basis.

All the assets and liabilities have been classified as current or non-current as per Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

II Use Of Estimates

The preparation of financial statements in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual and estimates are recognised in the period in which the results are known/ materialised.

III Tangible Assets and Depreciation

Tangible Assets are stated at cost of acquisition including interest during construction period if any, less accumulated depreciation.

Depreciation on the Fixed Assets added /disposed off /discarded during the year is provided on pro rata basis with reference to the day of addition / disposal/discarding .

Depreciation is provided on the Written Down Value Method . Depreciation is provided based on useful life of the assets as prescribed in Schedule II of the Companies Act 2013 except assets costing Rs 5000/- or less are fully depreciated in the year of purchase.

IV Investments

All Investments are considered as long term Investments and are stated at cost.

V Foreign currency transactions and translations

The difference in translation of all other monetary assets and liabilities and realised gains and losses on other foreign currency transactions are recognized in the Profit and Loss Account.

VI Revenue Recognition

Income from operation of vessel hire charges on time charter and spot charter are recognised on completed voyage basis and are recorded net off Service Tax . In certain cases, time charter hire charges are billed at a composite rate, which includes reimbursement of incidental expenses.

Dividend income is recognised when the right to receive payment is established .

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

VII Retirement and other Employee Benefit

Company's contribution to Employees Provident Fund and Employees State Insurance are being charged to the Profit & Loss Account. Liability for gratuity in case of shore staff is determined on accrual basis and is provided in the books of accounts. In case of crew members, gratuity is accounted on cash basis.

VIII Treatment Of Major Repairs

Major repairs including survey expenses carried out on vessels are written off to revenue in the year the expenses are incurred.

IX Stores & Spares

Stores & Spares purchased are directly issued to the Vessels and the values of such purchases are charged to the Revenue and are included in Repairs and Maintenance Account.

X Current & Deffered Tax

Tax expense for the period, comprising Current Tax and Deferred Tax are included in the determination of the net profit or loss for the period.



Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in India.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred Tax assets and liabilities are measured using the tax rates and tax laws that have been enacted by the Balance Sheet date. At each Balance Sheet date, the company re-assesses unrecognized deferred tax assets, if any.

XI Borrowing Costs

Borrowing Costs attributable to acquisition and construction of qualifying assets are capitalised as a part of the cost of such assets up to the date when such assets are ready for its intended use. Other borrowing costs are charged to the statement of profit and loss in the period in which they are incurred.

XII Provisions & Contingent Liabilities

Provision is recognised in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Contingent Liabilities are disclosed unless the possibility of outflow of resources is remote.

XIII Cash Flow Statement

Cash Flows has been prepared using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

**NOTE 2 : SHARE CAPITAL**

| <u>Particulars</u> | As at 31 March 2016 Rs. | As at 31 March 2015 Rs. |
|--|--|--|
| Authorised | | |
| 3,00,00,000 Equity Shares of Rs.10 each (Previous year 3,00,00,000 Equity Shares of Rs.10/- each) | 300,000,000 | 300,000,000 |
| | 300,000,000 | 300,000,000 |
| Issued, Subscribed & Paid up | | |
| 1,44,94,874 Equity Shares of Rs. 10 each, fully paid (Previous year 1,44,94,874 Equity shares of Rs.10/- each fully paid) | 144,948,740 | 144,948,740 |
| Total | 144,948,740 | 144,948,740 |

(a) Reconciliation of Equity Share Capital

| Particulars | As at 31st March 2016 | | As at 31st March 2015 | |
|---|------------------------|----------------|------------------------|----------------|
| | No of Equity Shares | Amount Rs. | No of Equity Shares | Amount Rs. |
| Balance at the beginning/end of the year | 14,494,874 | 144,948,740.00 | 14,494,874 | 144,948,740.00 |

(b) Details of Shareholders holding more than 5% of Equity shares in the Company

| Name of Shareholder | As at 31 March 2016 | | As at 31 March 2015 | |
|---------------------|-----------------------|--------------|-----------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Shahi Gasol Ltd | 5,054,721 | 34.87% | 5,054,721 | 34.87% |
| Sarvesh Kumar Shahi | 2,028,219 | 13.99% | 971,234 | 6.70% |
| Vikas Koli | 2,461,996 | 16.99% | 2,461,996 | 16.99% |
| Anjana Shahi | 2 | 0.00% | 1,030,419 | 7.11% |

(c) Terms / Rights - Equity Shares

The Company has only one class of shares referred to as equity shares having a par value of Rs.10/- per share. Each holder of Equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. Payment of dividend is also made in foreign currency to shareholders outside India.

**NOTE 3 : RESERVES AND SURPLUS**

| <u>Particulars</u> | As at 31 March 2016 Rs. | As at 31 March 2015 Rs. |
|--|--|--|
| a. General Reserve | | |
| As per last Balance Sheet | 109,441,271 | 107,891,271 |
| Add: Transfer from Tonnege Tax Reserve Account | - | 1,550,000 |
| | (A) <u>109,441,271</u> | <u>109,441,271</u> |
| b. Other Reserve | | |
| Reserve U/s 115VT of Income Tax Act, 1961 As per last Balance Sheet | - | 1,550,000 |
| Less: Amount transferred to General Reserve (Unutilised) | - | (1,550,000) |
| | (B) <u>-</u> | <u>-</u> |
| c. Surplus in Statement of Profit and Loss | | |
| As per last Financial Statements | (16,542,800) | 18,661,065 |
| Less: Net Profit /(Loss) after tax transferred from Statement of Profit and Loss | (25,230,372) | (34,410,697) |
| Adjustment relation to Fixed Assets | | (793,168) |
| Closing Balance | (C) <u>(41,773,172)</u> | <u>(16,542,800)</u> |
| Total (A)+(B)+(C) | <u>67,668,099</u> | <u>92,898,471</u> |

NOTE 4 : LONG TERM BORROWINGS

| <u>Particulars</u> | As at 31 | | As at 31 | |
|--|--------------------|--------------------|--------------------|---|
| | March, 2016 | March, 2015 | March, 2016 | March, 2015 |
| | Non Current | | Current | |
| SECURED | | | | |
| <u>Term Loan From Dena Bank</u> | - | 15,023,589 | 6,450,227 | 67,815,668 |
| | <u>0</u> | <u>15,023,589</u> | <u>6,450,227</u> | <u>67,815,668</u> |
| <u>Vehicle Loan from Others</u> | 7,038,141 | 9,266,322 | 2,187,251 | 1,944,593 |
| | <u>7,038,141</u> | <u>9,266,322</u> | <u>2,187,251</u> | <u>1,944,593</u> |
| Amount Disclosed under the head "Other Current Liabilities" (Note 9) | - | - | 8,637,478 | (69,760,261) |
| TOTAL (Rs.) | <u>7,038,141</u> | <u>24,289,911</u> | - | - |
| <u>Terms of Borrowing and other details</u> | | | | Outstanding Balance as on 31/03/2016 (Rs.) |
| Term Loan From Bank | | | | |
| a) Overdue installments of Dena Bank Term Loan sum of Rs 64,50,227/- and overdue interest on Dena Bank Term Loans sum of Rs 2,44,62,095/- exist as on 31/03/2016. Dena Bank Term loan is secured by hypothecation on Office Premises and personal guarantee of a director. | | | | 6450227 |
| Loan From Others (Vehicle) | | | | |
| b) Repayable in monthly 84 equal installments, Last Installment falling due 1st March 2019, Interest Rate 12.00%. Loan is secured by hypothecation of specific vehicle | | | | 1791868 |
| c) Repayable in monthly 83 equal installments, Last Installment falling due 16th March 2019, Interest Rate 11.25%. Loan is secured by hypothecation of specific vehicle | | | | 3901880 |
| d) Repayable in monthly 84 equal installments, Last Installment falling due 30th September 2021, Interest Rate 11.85%. Loan is secured by hypothecation of specific vehicle | | | | 3531644 |
| | | | | 15675619 |

**NOTE 5 : DEFERRED TAX LIABILITY (NET)**

| Particulars | As at 31st March 2016 Rs. | As at 31st March 2015 Rs. |
|--|---------------------------------|---------------------------------|
| Deferred Tax Liability : | | |
| Difference between Book and Tax Depreciation | 24,940,290 | 35,229,839 |
| Less : Deferred Tax Assets : | | |
| Disallowance U/S 43B of Income Tax Act, 1961 | 7,936,727 | 393,164 |
| Total | 17,003,563 | 34,836,675 |

NOTE 6 : LONG TERM PROVISIONS

| Particulars | As at 31 March 2016 Rs. | As at 31 March 2015 Rs. |
|----------------------------------|-------------------------------|-------------------------------|
| Provision for Employees benefit: | | |
| Provision for Gratuity | 2,943,352 | 2,830,705 |
| Total | 2,943,352 | 2,830,705 |

NOTE 7 : SHORT TERM BORROWINGS

| Particulars | As at 31 March 2016 Rs. | As at 31 March 2015 Rs. |
|--|-------------------------------|-------------------------------|
| Secured | | |
| (a) From Bank | | |
| Working capital Borrowings repayable on demand * | 42,424,175 | 54,557,928 |
| Unsecured | | |
| (b) Loans and advances | | |
| From Related parties | 61,827,585 | 41,877,585 |
| From Others | 23,300,000 | 11,300,000 |
| Total | 127,551,760 | 107,735,513 |

* Working Capital Borrowings repayable on demand is secured by principal security of hypothecation of Book Debts & collateral security of: 1) extension of mortgage on the Registered Office Premises 2) Exclusive 1st charge over specific barges of the company by way of mortgage/hypothecation.3) Personal guarantee of Chairman & Managing Director.

NOTE 8 : TRADE PAYABLES

| Particulars | As at 31 March, 2016 Rs. | As at 31 March, 2015 Rs. |
|----------------|--------------------------------|--------------------------------|
| Trade payables | 34,185,516 | 34,591,141 |
| Total | 34,185,516 | 34,591,141 |

**NOTE 9 : OTHER CURRENT LIABILITIES**

| Particulars | As at | As at |
|--|-------------------|--------------------|
| | 31 March, 2016 | 31 March, 2015 |
| | Rs. | Rs. |
| a) Current Maturities of Long Term Debt (refer Note .4) | 6,450,227 | 67,815,668 |
| b) Current Maturities of Other Loans (refer Note .4) | 2,187,251 | 1,944,593 |
| c) Interest Accrued and Due | 24,479,848 | 25,768,127 |
| d) Unclaimed dividends | 280,872 | 692,932 |
| e) Other payables | | |
| (i) Trade / security deposits received | 1,450,000 | 1,450,000 |
| (ii) Others | | |
| - Salary & Remuneration | 2,398,558 | 2,892,804 |
| - Other Outstanding Expenses | 245,578 | 622,530 |
| - Statutory Dues | 1,213,562 | 8,331,605 |
| - Other Payable | - | 2,481,525 |
| Total | 38,705,896 | 111,999,784 |



NOTE 10(a) : FIXED ASSETS DETAILS FOR THE YEAR ENDED 2015-16

| PARTICULARS | G R O S S B L O C K | | | DEPRECIATION/AMORTISATION | | | | | NET BLOCK | |
|-----------------------------------|-----------------------|--------------------------|---------------------------|---------------------------|-----------------------|--|--------------------------------------|---------------------------|-----------------------|-----------------------|
| | As at 31st March 2015 | Addition during the year | Deduction during the year | As at 31st March 2016 | As at 31st March 2015 | Depreciation / Amortisation for the year | Adjustment in respect of assets sold | Adjusted in Retain Profit | As at 31st March 2016 | As at 31st March 2015 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| a Tangible Assets | | | | | | | | | | |
| Freehold Land | 845,316 | | | 845,316 | - | - | - | | - | 845,316 |
| Leasehold Land | 4,709,760 | | | 4,709,760 | 1,289,119 | 205,238 | | | 1,494,357 | 3,215,403 |
| Buildings * | 17,966,036 | | | 17,966,036 | 8,307,018 | 467,816 | | | 8,774,834 | 9,191,202 |
| Plant and Machinery | 11,523,256 | 562,500 | | 12,085,756 | 9,469,191 | 622,886 | | | 10,092,077 | 2,054,065 |
| Furniture & Fixtures | 11,075,132 | | | 11,075,132 | 9,375,722 | 380,332 | | | 9,756,054 | 1,319,078 |
| Vehicles | 46,716,808 | 379,972 | 827,782 | 46,268,998 | 32,556,352 | 3,660,929 | 782,701 | | 35,434,580 | 14,160,458 |
| Office Equipments | 12,798,155 | 239,697 | | 13,037,852 | 12,217,933 | 145,297 | | | 12,363,230 | 580,210 |
| Electrical Instalments | 2,049,005 | | | 2,049,005 | 1,692,748 | 91,223 | | | 1,783,971 | 356,257 |
| Tankers | 1,615,728 | | | 1,615,728 | 1,591,069 | - | | | 1,591,069 | 24,660 |
| Fleets | 587,170,912 | | 121,299,064 | 465,871,848 | 410,413,824 | 23,875,040 | 92,371,896 | | 341,916,968 | 176,757,087 |
| Total (a) | 696,470,108 | 1,182,169 | 122,126,846 | 575,525,431 | 486,912,976 | 29,448,761 | 93,154,597 | | 423,207,140 | 209,557,133 |
| b Capital Work-in-progress | 40,814,358 | 212,914 | 20,193,072 | 20,834,200 | - | - | - | | - | 40,814,358 |
| Total (b) | 40,814,358 | 212,914 | 20,193,072 | 20,834,200 | - | - | - | | - | 40,814,358 |
| TOTAL | 737,284,466 | 1,395,083 | 142,319,918 | 596,359,631 | 486,912,976 | 29,448,761 | 93,154,597 | | 423,207,140 | 250,371,491 |
| Previous year | 775,609,117 | 7,388,399 | 45,713,049 | 737,284,467 | 480,699,241 | 39,010,889 | 33,966,921 | 1,169,767 | 480,699,241 | 294,909,874 |

* The Building includes Rs. 1750/- (Previous year Rs. 1750/-) being the value of shares held in Co-operative societies.



NOTE 10(b) : FIXED ASSETS DETAILS FOR THE PREVIOUS YEAR ENDED 2014-15

| PARTICULARS | G R O S S B L O C K | | | | DEPRECIATION/AMORTISATION | | | | NET BLOCK | |
|---------------------------------|-----------------------|--------------------------|---------------------------|-----------------------|---------------------------|--|--------------------------------------|------------------------------|-----------------------|-----------------------|
| | As at 31st March 2014 | Addition during the year | Deduction during the year | As at 31st March 2015 | As at 31st March 2014 | Depreciation / Amortisation for the year | Adjustment in respect of assets sold | Adjusted in Retain Profit ** | As at 31st March 2015 | As at 31st March 2014 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| a | | | | | | | | | | |
| Tangible Assets | | | | | | | | | | |
| Freehold Land | 845,316 | | | 845,316 | - | | | | | 845,316 |
| Leasehold Land | 4,709,760 | | | 4,709,760 | 801,520 | 487,599 | | | 1,289,119 | 3,420,641.0 |
| Buildings * | 17,966,036 | | | 17,966,036 | 7,804,622 | 502,384 | | | 8,307,006 | 9,659,030.0 |
| Plant and Machinery | 11,439,358 | 83,898 | | 11,523,256 | 8,634,314 | 724,121 | | 110,756 | 9,469,191 | 2,054,065.0 |
| Furniture & Fixtures | 11,075,132 | | | 11,075,132 | 8,663,096 | 695,454 | | 17,173 | 9,375,723 | 1,699,409.0 |
| Vehicles | 46,717,138 | 6,773,819 | 6,774,147 | 46,716,810 | 34,605,615 | 3,614,940 | 5,690,050 | 25,847 | 32,556,352 | 14,160,458.0 |
| Office Equipments | 12,763,957 | 88,300 | 54,102 | 12,798,155 | 10,841,113 | 412,001 | 51,160 | 1,015,991 | 12,217,945 | 580,210.0 |
| Electrical Instalments | 2,032,505 | 16,500 | | 2,049,005 | 1,573,167 | 119,581 | | | 1,692,748 | 356,257.0 |
| Tankers | 1,615,728 | | | 1,615,728 | 1,591,068 | | | | 1,591,068 | 24,660 |
| Fleets | 626,055,711 | | 38,884,800 | 587,170,911 | 406,184,726 | 32,454,809 | 28,225,711 | | 410,413,824 | 176,757,087.0 |
| Total (a) | 735,220,641 | 6,962,517 | 45,713,049 | 696,470,109 | 480,699,241 | 39,010,889 | 33,966,921 | 1,169,767 | 486,912,976 | 209,557,133.0 |
| Capital Work-in-progress | 40,388,476 | 425,882 | | 40,814,358 | | | | | | 40,388,476 |
| Total (b) | 40,388,476 | 425,882 | | 40,814,358 | | | | | | 40,388,476 |
| TOTAL | 775,609,117 | 7,388,399 | 45,713,049 | 737,284,467 | 480,699,241 | 39,010,889 | 33,966,921 | 1,169,767 | 486,912,976 | 250,371,491 |
| Previous year | 989,056,462 | 12,031,173 | 225,478,519 | 775,609,117 | 610,395,274 | 32,054,414 | 161,750,446 | - | 480,699,241 | 294,909,874.0 |

* The Building includes Rs. 1750/- (Previous year Rs. 1750/-) being the value of shares held in Co-operative societies.

** Pursuant to the enactment of the Companies Act, 2013 ("the Act") and its applicability for the accounting periods commencing on or after 1, April 2014, the Company has reviewed and revised the useful lives of Fixed Assets as prescribed in PART-C of Schedule II of the Act. Accordingly where the remaining useful life of an fixed asset have expired as at 1st April, 2014, the carrying amount of those assets amounting to Rs 11,69,767/- has been adjusted in the opening balance of Profit & Loss Account.

**NOTE 11 : NON CURRENT INVESTMENTS**

| Particulars | As at 31 March, 2016 Rs. | As at 31 March, 2015 Rs. |
|--|--------------------------------|--------------------------------|
| Investments (At cost): | | |
| A. Trade Investment | | |
| Equity share - Unquoted | | |
| Subsidiaries | | |
| SKS waterways Ltd | 349,940 | 349,940 |
| (34994 Equity shares of Rs.10 each Fully paid) | | |
| Royal Logistics (Ship) Ltd * | 349,940 | 349,940 |
| (34994 Equity shares of Rs.10 each Fully paid) | | |
| B. Non Trade Investment | | |
| Equity share - Unquoted | | |
| Shamrao Vithal Co-op Bank | 10,000 | 10,000 |
| (400 Equity shares of Rs.25 each Fully paid) | | |
| Saraswat Co-op Bank Ltd | 10,050 | 10,050 |
| (1005 Equity shares of Rs.10 each Fully paid) | | |
| Total | 719,930 | 719,930 |

* Shares are held in the name of a Director with beneficially ownership with the company.

Note: All the above Investments are intended to be held on a long term basis and have been classified accordingly.

NOTE 12 : LONG TERM LOANS AND ADVANCES

| Particulars | As at 31 March, 2016 Rs. | As at 31 March, 2015 Rs. |
|--|--------------------------------|--------------------------------|
| Unsecured, considered good | | |
| (a) Security deposits | 12,597,260 | 11,548,166 |
| (b) Loans and advances to related parties * | 129,458 | 2,548,474 |
| (c) To Others | | |
| Electricity Deposits | 57,166 | 57,166 |
| Telephone Authorities | 82,650 | 82,650 |
| Others (Operating in nature) | 1,832,704 | 5,455,179 |
| (d) Advance tax (Rs 256860/- Net of Provision) | 8,716,553 | 8,915,127 |
| Total | 23,415,791 | 28,606,762 |

* Advances have been given for business purpose to a Subsidiary Company.

**NOTE 13 : TRADE RECEIVABLES**

| Particulars | As at 31 March 2016 Rs. | As at 31 March 2015 Rs. |
|--|-------------------------------|-------------------------------|
| Unsecured, considered good | | |
| Outstanding for a period exceeding six months from the date they are due for payment | 131,250,765 | 115,955,762 |
| Others | 42,838,650 | 85,766,556 |
| Total | <u>174,089,415</u> | <u>201,722,318</u> |

NOTE 14 : CASH AND CASH EQUIVALENTS

| Particulars | As at 31 March 2016 Rs. | As at 31 March 2015 Rs. |
|----------------------------|-------------------------------|-------------------------------|
| (a) Cash on hand | 276,670 | 497,460 |
| (b) Balances with banks | | |
| (i) In current accounts | 218,402 | 2,877,300 |
| (ii) In earmarked accounts | | |
| Unpaid dividend accounts | 280,872 | 692,933 |
| Margin Money deposit | 1,935,346 | 1,715,307 |
| Total | <u>2,711,290</u> | <u>5,783,000</u> |

NOTE 15 : SHORT TERM LOANS AND ADVANCES

| Particulars | As at 31 March, 2016 Rs. | As at 31 March, 2015 Rs. |
|-------------------------------------|--------------------------------|--------------------------------|
| Unsecured, Considered good | | |
| (a) Loans and advances to employees | 34,100 | 355,443 |
| (b) Prepaid expenses | 529,404 | 563,674 |
| (c) To Others | | |
| Advance for Operative expenses | - | 618,841 |
| Others | 691,540 | 747,998 |
| Total | <u>1,255,044</u> | <u>2,285,956</u> |

NOTE 16 - OTHER CURRENT ASSETS

| Particulars | As at 31 March 2016 Rs. | As at 31 March 2015 Rs. |
|--|-------------------------------|-------------------------------|
| (a) Accruals | | |
| Interest accrued on Fixed deposit | 177,962 | 118,339 |
| (b) Others | | |
| Interest Subsidy Receivable (refer note (III) on Note.22) | 64,523,144 | 64,523,144 |
| Total | <u>64,701,106</u> | <u>64,641,483</u> |

**NOTE 17- REVENUE FROM OPERATIONS**

| Particulars | 2015-2016 | 2014-2015 |
|--|--------------------|--------------------|
| | Rs. | Rs. |
| Revenue from Operation | | |
| Shipping Operation | 145,959,878 | 184,413,621 |
| Revenue from operations (Total) | <u>145,959,878</u> | <u>184,413,621</u> |

NOTE 18 - OTHER INCOME

| Particulars | 2015-2016 | 2014-2015 |
|---|------------------|-------------------|
| | Rs. | Rs. |
| 1) Interest Income | | |
| Interest On Deposit With Bank | 153,440 | 142,908 |
| Interest on Income Tax Refund | 516,705 | - |
| 2) Dividend Income on other than Trade Investments | | |
| From Co-op Bank | 2,700 | 2,905 |
| 3) Other Non-Operating Income | | |
| Sundry balances written back | 1,470,499 | 17,677,202 |
| Total | <u>2,143,344</u> | <u>17,823,015</u> |

NOTE 19 -EMPLOYEES BENEFIT EXPENSES

| Particulars | 2015-2016 | 2014-2015 |
|--|-------------------|-------------------|
| | Rs. | Rs. |
| Salaries, Bonus and allowances | 17,933,770 | 16,796,693 |
| Contribution to Provident Fund and Other funds | 794,794 | 561,195 |
| Staff Welfare Expenses | 242,309 | 438,777 |
| Total | 18,970,873 | 17,796,665 |

NOTE 20 - FINANCE COST

| Particulars | 2015-2016 | 2014-2015 |
|-----------------------|-------------------|-------------------|
| | Rs. | Rs. |
| Interest | 14,190,562 | 23,566,934 |
| Other borrowing costs | 656,961 | 789,686 |
| Total | <u>14,847,523</u> | <u>24,356,620</u> |

**NOTE 21 - OPERATION & OTHER EXPENSES**

| Particulars | 2015-2016 | 2014-2015 |
|---------------------------------------|--------------------|--------------------|
| | Rs. | Rs. |
| Power and fuel | 682,098 | 864,128 |
| Repairs and Maintenance- Barge | 20,144,997 | 39,875,403 |
| Repair and Maintenance - Machinery | 383,251 | 180,120 |
| Repair and Maintenance - Building | 162,084 | 94,729 |
| Repairs and Maintenance- Others | 279,909 | 261,771 |
| Rent | 148,550 | 329,000 |
| Rates and taxes | 2,245,476 | 1,751,058 |
| Insurance | 1,496,863 | 1,433,388 |
| Payment to Auditors | 590,500 | 558,540 |
| Legal and Professional expenses | 2,260,433 | 2,176,683 |
| Bad debts | 25,677,863 | 40,105,710 |
| Loss on Sale of Assets (Net) | 5,402,250 | 8,876,184 |
| Travelling Expenses | 3,372,729 | 2,489,302 |
| Barge Operation Expenses | 9,911,126 | 10,918,332 |
| Fuel & Oil (Barges) | 4,738,796 | 5,265,333 |
| Hire Transportation and Water Charges | 11,312,014 | 13,973,596 |
| Port Related Expenses | 12,531,919 | 16,870,673 |
| Miscellaneous Expenses | 6,294,919 | 12,512,282 |
| Total | 107,635,777 | 158,536,232 |

NOTE NO-22 NOTES TO ACCOUNTS**I Contingent liability not provided for:**

(a) On account of guarantees executed by the company's Bankers for Rs. 178.83 lacs (previous year Rs.155.99 lacs), which is partly secured by the Margin Money amounting to Rs. 19.35 lacs (previous year Rs. 17.15 lacs) retained by the Bank.

(b) Claim against the Company not acknowledged as debts Rs.30.37 Lacs (previous year Rs. 30.37 lacs)

II Debtors include Rs. 22.67 lacs (Previous year Rs. 22.67 lacs) in respect of cases which are under arbitration/ dispute. In the opinion of the management the said debts are considered good.

III The other current assets in Note No.16 includes Rs. 645.23 lacs (Previous year Rs. 645.23 lacs) of interest subsidy receivable from Central Government Inland Waterways Authority. To recover the same the petition is pending before the Allahabad High Court. The amount outstanding is considered good by the management,

IV During the year the company has reviewed the Capital Work in progress and identified projects which are not going to materialise in future. In relation to this, amounting to Rs 201.93 lacs has been recognised and included under the head Exceptional item.

V During the year the Company has made settlement with Dena Bank and paid total principal amount Rs. 530.32 lacs to clear its 3(Three) Term Loans. However Dena Bank has ask for interest sum of Rs 194.68 lacs up to 31/03/2016 as per the settlement which is provided and outstanding as on 31/03/2016.

VI In the opinion of the Board, Current Assets, Loans, Advances and Deposit have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

VII The company is engaged only in the business of shipping and as such there is no separate reportable segment as per Accounting Standard 17.



VIII There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes on account of principal amount together with the interest and accordingly no additional disclosures have been made.

The above information regarding Micro, Small and Medium Enterprises, has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

IX The company's two Subsidiary Company namely SKS Waterways Ltd and Royal Logistics (Ship) Ltd has not yet started operation hence the consolidated financial statement of the Shahi Shipping Limited and its subsidiaries SKS Waterways Ltd & Royal Logistics (Ship) Ltd has not been prepared.

| | | |
|--|------------------------|------------------------|
| X-(a) Earnings in Foreign Currency: | 31st March 2016 | 31st March 2015 |
| | (Rs) | (Rs) |
| Shipping operation | 356349 | NIL |

| | | |
|---|------------------------|------------------------|
| (b) Expenditure in Foreign Currency: | 31st March 2016 | 31st March 2015 |
| | (Rs) | (Rs) |
| Travelling | 555219 | 23193 |

| | | |
|--|------------------------|------------------------|
| XI Auditors' Remuneration includes: | 31st March 2016 | 31st March 2015 |
| | (Rs) | (Rs) |
| For Company Statutory Audit Fees (Including Quarterly Limited Review) | 2,75,000 | 2,65,000 |
| For Tax Audit | 75,000 | 75,000 |
| For Taxation Matters | 1,02,500 | 1,03,540 |
| For Certification | 1,38,000 | 1,15,000 |

XII There was no impairment loss on fixed assets on the basis of review carried out by the management in accordance with the Accounting Standard 28 issued by the Institute of Chartered Accountants of India.

| | | |
|--|-------------------------|------------------------|
| XIII Earnings per Share | 31 ST March 2016 | 31ST March 2015 |
| Profit/(Loss) after taxation as per Statement of Profit & Loss | (2,52,30,373) | (34410697) |
| Number of equity shares outstanding for basic and diluted EPS | 1,44,94,874 | 1,44,94,874 |
| Basic & diluted EPS | Rs. (1.74)/- | Rs. (2.37)/- |
| Face value per share | Rs. 10/- | Rs. 10/- |

XIV Prior period expenses debited during the year is Rs 1.85 Lacs (previous year was Rs. 0.99 Lacs).

XV Miscellaneous Expenses includes Foreign Exchange Relisation difference of Rs 9639/- (Previous Year Rs NIL)

XVI Previous year's figures have been regrouped and rearranged wherever necessary to confirm to those of the current year.

XVII Related parties Disclosures:

| Description of relationship | Names of related parties |
|--|---|
| (a) Where Control Exists | India First Logistics Limited Shahi Gasol Limited Royal Logistics (Ship) Ltd. SKS Waterways Ltd. |
| (b) Key Management Personnel and Relatives | Mr.S.K Shahi Chairman & Managing Director |



| | | As on 31st march 2016 | As on 31st march 2015 |
|--|--|------------------------------|------------------------------|
| TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR | | | |
| Type of Related Party | Nature Of Transaction (Excluding Reimbursement) | Rs.In Lacs Amount 2015-16 | Rs.In Lacs Amount 2014-15 |
| Where Control Exists | Loans Received | 25.00 | 0.00 |
| | Agency Fees Paid | 0.00 | 0.90 |
| Key Management Personnel or Relatives | Remuneration paid to Key management Personnel | 42.00* | 42.00* |
| | Loans Taken | 273.16 | 17.00 |
| | Loans Repaid | 73.66 | 282.37 |

* In Addition to this, sum of Rs 1,80,000/- contribution made to Provident Fund.

OTHER BALANCES OUTSTANDING AS AT THE YEAR END

| | Rs. In Lacs As on 31st march 2016 | Rs in Lacs As on 31st march 2015 |
|---|---|--|
| Where Control Exists | | |
| Advances Given | 1.29 | 25.48 |
| Unsecured Loans taken | 354.54 | 329.55 |
| Sundry Creditors | 41.60 | 41.67 |
| Key Management Personnel & Relatives | | |
| Unsecured Loans taken | 288.72 | 89.22 |

The Notes are an Integral part of these financial statements

AS PER REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

FOR N. D. HEDA & CO
Firm Registration No. 103604W
Chartered Accountants

S. K. SHAHI
Chairman & Managing Director
(DIN No. 00359535)

N. D. HEDA
PROPRIETOR
MEMBERSHIP NO. 32450

Mrs. Hema Thakur
(Director)
(DIN No. 01363454)

Ms. Meena Asati
(CFO)

PLACE : MUMBAI
DATED: 30/05/2016

SHAHI SHIPPING LIMITED

CIN: L61100MH1990PLC058680

Registered Office: 404, Abhay Steel House, Baroda Street, Mumbai - 400 009.

Tel: +91-22-61454545 Fax: +91-22-23487350/51 Website: www.shahilogistics.com

ATTENDANCE SLIP

(To be presented at the entrance)

DP ID* _____ Client ID* _____ Folio No. _____ No. of Shares held _____

Name and Address of the Member(s) / Proxy: _____

I hereby record my presence at the Twenty Sixth Annual General Meeting of the Company, to be held on Thursday, the September 29, 2016 at 404, Abhay Steel House, Baroda Street, Mumbai – 400 009 at 11.00 a.m.

Signature of Member/Proxy#

Note(s):

1. *Applicable to shareholders holding shares in electronic form.
2. Please fill the attendance slip and hand it over at the entrance of the meeting hall.
3. Members are requested to bring their copy of the Annual Report to the Meeting.
4. #Please strike off whichever is not applicable.

✂

✂

SHAHI SHIPPING LIMITED

CIN: L61100MH1990PLC058680

Registered Office: 404, Abhay Steel House, Baroda Street, Mumbai - 400 009.

Tel: +91-22-61454545 Fax: +91-22-23487350/51 Website: www.shahilogistics.com

PROXY FORM

Form No. MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s): _____

Registered Address: _____

E-mail ID: _____

Folio No. / Client ID & DP ID: _____

I/We, being the member(s) _____ of shares of the above named Company, hereby appoint

1. Name: _____

Address: _____

E-mail ID: _____

Signature _____ or failing him

2. Name: _____

Address: _____

E-mail ID: _____

Signature _____ or failing him

3. Name: _____

Address: _____

E-mail ID: _____

Signature _____



✂----->✂

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty sixth Annual General Meeting of the Company, to be held on Thursday, the September 29, 2016 at 404, Abhay Steel House, Baroda Street, Mumbai – 400 009 at 11.00 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

| Sr. No. | Particular of Resolution(s) |
|-------------------|--|
| Ordinary Business | |
| 1 | Adoption of Audited Financial Statement for the year ended 31 st March, 2016 together with the Reports of Directors and Auditor's thereon. |
| 2 | Appointment of a Director in place of Mr. Sarvesh Kumar Shahi (DIN 00359535), who retires by rotation and being eligible, offers himself for re-appointment. |
| 3 | Ratification of appointment of Auditor M/s. N. D. Heda & Co, Chartered Accountants |

Signed this _____ day of _____, 2016

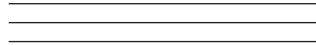
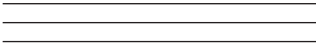
Signature of shareholder: _____

Signature of Proxy holder(s): _____

Affix
Revenue
Stamp
of ₹ 1/-

Note:

This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the ensuing Annual General Meeting.



NOTES

Lined area for notes, consisting of approximately 25 horizontal lines.

