



Shaba Chemicals Limited

Twelfth Annual Report
1998-99

NOTICE OF ANNUAL GENERAL MEETING

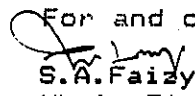
Notice is hereby given that the twelfth annual general meeting of the members of SHABA CHEMICALS LIMITED, will be held on 30th Sept. 1999 at 11 a.m. at the registered office of the Company at Mhow Neemuch Road, Ratlam to transact the following business :

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit & Loss Account for the year ended on that date together with the reports of the Directors and the Auditors thereon.
- 2) To appoint a Director in place of Shri A.I. Abbasi, who retires by rotation and being eligible offers himself for re-appointment.
- 4) To appoint Auditors and fix their remuneration.

Regd. Office

Mhow Neemuch Road.
RATLAM. 1st September 1999

For and on behalf of the Board

S.A. Faizy
Whole Time Director

Notes :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member.
2. Proxy should be deposited at the Registered Office of the company not later than 48 hrs before the meeting.
3. Register of members and Share Transfer Books of the company shall remain closed from 27th Sept. 1999 to 30th Sept. 1999 (both days inclusive).
4. Members are requested to bring their copies of the Annual Report to the meeting.

For, Shaba Chemicals Limited

Whole Time Director

Certified True Copy

Whole Time Director

For, Shaba Chemicals Limited

DIRECTOR'S REPORT TO THE SHAREHOLDERS,

Your Directors hereby present their Twelfth Annual Report together with Audited Balance Sheet as at 31st March, 1999 and the Profit & Loss for the period from 1st April 1998 to 31 March, 1999.

CORPORATE RESULTS

Your Company's turnover was Rs. 02.63 lacs for the year ended 31st March 1999, as against Rs. 53.93 lacs for the preceding year. The decline in turnover was due to adverse market condition which prevailed throughout the year and the suspension of production.

	Year ended 31st March '99 (Rs. in lacs)	Year ended 31st March '98 (Rs. in lacs)
Profit/(Loss) before Depreciation	(70.34)	(59.39)
(Add) : Depreciation	(12.94)	(12.91)
Net Profit/(loss) for the year	(83.28)	(72.30)

DIVIDEND

In view of losses incurred during the year and liquidity crunch your directors do not recommend any dividend for the year.

EXPANSION

Since the demand for Trimethoprim, the main product, remained sluggish and the rates were low, the Company could not utilise the expanded capacity throughout the year. Moreover, the main raw material 345 TMBA could not be imported from China due to the continuance of antidumping duty. The indigenous material could not be used due to high cost and hence the low level of sales.

The company has successfully manufactured and marketed DETRIZINE-DI-HYDROCHLORIDE which is anti-allergic. Due to low demand and continuously falling rates, company could not perform as expected. Also the acute shortage of working capital has attributed to a great extent to the very low sales & poor performance of the company.

The management had to suspend the production from April 1998 because of the acute financial crisis and liquidity crunch which compelled the management to retrench the workers and the staff and surrender the power connection.

DIRECTORS

Shri A.I. Abbasi, Director of the Company retire at the ensuing Annual General Meeting and being eligible offers himself for the re-appointment.

AUDITORS

M/s.Nasir & Co.. Chartered Accountants,auditors of the company, retire at the ensuing Annual General Meeting and being eligible,offer themselves for the re-appointment.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The Company has taken effective steps to conserve energy. A statement in accordance with the provision 217(1)(e) of the Companies Act,1956 read with the Companies (Disclosures of particulars in the report of Board of Directors)Rules 1988, regarding conservation of energy are given in the annexure forming part of this report.

TECHNOLOGICAL ABSORPTION,ADAPTION AND RENOVATION :

The Company has carried out In-house Research and Development activity during the year under review. The Company employs indigenous technology for its manufacturing process.

EMPLOYEES PARTICULARS

During the year there was no employee drawing remuneration in excess of Ceiling provided Under Section 217(2A) of the Companies Act,1956 read with the Companies(Particulars of employees)Rule 1975, hence prescribed particular have not been furnished.

PERSONNEL

The relations between employees and management has been very cordial and your company continues to pay greater attention in encouraging a healthy work environment.

ACKNOWLEDGMENT

Your Directors acknowledge with gratitude the direct and indirect support received by the management from the Central Bank of India Ratlam.

Your Directors also acknowledge with thanks the faith reposed by the investors in the company and look forward to their continued support from time to time.

For and on behalf of the Board

PLACE : RATLAM

CHAIRMAN
(SHRI A.N.Shahid)

DATE : 1st September 1999

Certified True Copy

For, Shaba Chemicals Limited

Whole Time Director

ANNEXURE TO THE DIRECTORS' REPORT

Information pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of the Directors' Report.

1. Conservation of Energy :	Energy efficient boiler has been installed. Continuous monitoring of power factor has been done.	
	Training programme of workers to increase awareness for saving of energy.	
2. Technology Absorption :	Modern technique as per G.P. standards are being incorporated in manufacturing process. Research & Development carried out by the Company for process improvement.	
3. Foreign Exchange Earnings :	The company is exporting goods through recognised export houses and has not earned foreign exchange directly.	
4. Foreign Exchange outgo :	1998-99	1997-98
(Rs. in Lacs)	NIL	NIL


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FORM A

Form for disclosure of particulars with respect to conservation of energy.

	1998-99	1997-98
A. Power and Fuel Consumption		
1. Electricity		
a) Purchased		
Unit in (Lacs) (Min.charges upto June 1998)		0.91
Amount (Rs.in lacs)	N.A.	6.16
Rate per unit	N.A.	6.77
2. Diesel for Boiler		
a) Quantity (Lites.)	400	17265
Amount(Rs. in lacs)	0.05	1.88
Average Rate(Rs. per ltrs.)	10.61	10.89

B. Consumption per unit of production

Production of Bulk Drugs Units Standards in M.Tonnes

		1997-98	1998-99
Electricity	Unit	N.A.	1344
Diesel	Litres	7843	2562

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SHABA CHEMICALS LIMITED

AUDITED STATEMENT OF ACCOUNTS UNDER

COMPANIES ACT, 1956 FOR THE YEAR

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1998 - 99