



SHABA CHEMICALS LIMITED

EIGHTEENTH ANNUAL REPORT
2004 - 2005

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Eighteenth Annual General Meeting of the members of SHABA CHEMICALS LIMITED will be held on Friday, the 30th of September, 2005 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, 2005 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.
- 3) To appoint Auditors and fix their remuneration.

Regd. Office

Mhow Neemuch Road,
RATLAM, 05.09.2005

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/HERSELF AND PROXY NEED NOT BE A MEMBER. A DULY COMPLETED PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Register of members and Share Transfer Books of the company shall remain closed from 27th September, 2005 to 30th September, 2005 (both days inclusive).
3. Members are requested to bring their copies of the Annual Report to the meeting.

DIRECTOR'S REPORT TO THE SHAREHOLDERS,

Your Directors hereby present their Eighteenth Annual Report together with Audited Balance Sheet as at 31st March, 2005 and the Profit & Loss for the period from 1st April 2004 to 31 March, 2005.

FINANCIAL RESULTS

Your Company's turnover was Rs. 0.12 lacs for the year ended 31st March 2005, as against Rs. 00.05 lacs for the preceding year. There has been no sale due to suspension of production.

	Year ended 31st March'05 (Rs. in lacs)	Year ended 31st March'04 (Rs. in lacs)
Profit/(Loss) before Depreciation	(0.52)	(0.30)
(Less) : Depreciation	-	-
Income Tax earlier years	8.99	-
Net Profit/(loss) for the year	(9.51)	(0.30)

DIVIDEND

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

OPERATION

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

Mrs A.I. Abbasi, Director of the Company, retires at the ensuing Annual General Meeting and being eligible offers herself for the re-appointment.

DIRECTOR'S RESPONSIBILITY STATEMENT -

Pursuant to the requirement of Section 217(2A) of the Companies Act, 1956 the Board of Directors hereby state that:

(i) While preparing of the annual accounts, the applicable accounting standards have been followed by us.

(2) We have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period.

(3) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(4) We have prepared the annual accounts on a going concern basis.

AUDITORS

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

CORPORATE GOVERNANCE

A report on Corporate Governance as required under clause 49 of the listing agreement is attached.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The Company has suspended production since April, 1998,hence,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 is enclosed.

TECHNOLOGICAL ABSORPTION,ADAPTION AND RENOVATION :

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 surrendered the power connection.

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 workers and the staff of the Company have been retrenched since June,1998 due to acute financial crisis and there are no workers or the staff members on the Company's payroll.

ACKNOWLEDGMENT

Your Directors 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

(A.I. Abbasi)
CHAIRMAN

PLACE : RATLAM
DATE : 05.09.2005

AUDITORS REPORT TO THE MEMBERS OF SHABA CHEMICALS LTD.

We have audited the attached Balance Sheet of SHABA CHEMICALS LIMITED as at 31st March, 2005 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
3. The Balance Sheet and Profit and loss account dealt with by this report are in agreement with the books of account;
4. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
5. On the basis of written representations received from the directors, as on 31st March 2005, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

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Taher M.Ujjainwala B.Com. F.C.A .

Shamun S. Nasir B.Com. F.C.A .

S. S. NASIR & Co.
Chartered Accountants

239, Nagdevi Street, Darukhanawala Bldg, 2nd Flr, RNo. 7, Mumbai 400 003.
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6. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss account, with notes thereon give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view:
- i) In so far as it relates to the Balance Sheet of the state of affairs of the Company at 31st March, 2005;
 - ii) In so far as it relates to the Profit and Loss Account of the loss for the year ended on that date; and
 - iii) In the case of cash flow statement, of the cash flows of the Company for the year ended on that date.

For **S. S. NASIR & Co.**
Chartered Accountants

Ratlam, Dated : September 5, 2005

T. M. UJJAINWALA
Partner
Mem.No. 42481

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