

# **SHABA CHEMICALS LIMITED**

**TWENTIETH ANNUAL REPORT  
2006-2007**

## SHABA CHEMICALS LIMITED

Regd. Office: - Mhow Neemuch Road,  
Ratlam, 450701

Notice is hereby given that the Twentieth Annual General Meeting of the Members of SHABA CHEMICALS LIMITED will be held on Saturday the 29<sup>th</sup> day of September, 2007 at 11.00 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 31<sup>st</sup> March, 2007 and Profit & loss Account for the year ended on that date together with the reports of the Directors and the Auditors thereon.
- 2) Mrs. Jamila Jaliwala the Director of the Company retires by rotation. Her replacement is not being sought.
- 3) To Appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS

- 4.) To pass the following resolution as a special resolution with or without modification

**RESOLVED THAT** pursuant to the provisions of section 146 of the Companies Act, 1956 and any other provisions applicable, if any the Registered office of the company be and is hereby shifted from Mhow Neemuch Road, Ratlam (M. P.) to 101, Rajani Bhawan, 569/2 M.G. Road, Indore (M. P.).

**FURTHER RESOLVED THAT** for the purpose of giving effect to this, the board of directors of the company be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable for and on behalf of the company.

- 5.) To pass the following resolution as a special resolution with or without modification

**RESOLVED THAT** subject to the provision of the section 260 of the Companies Act, 1956 and other applicable provision Mr. Shahid Abbas Faizy Whole Time Director of the company tendered his resignation from the directorship of the Company, and from the Board of Directors of the Company.

- 6.) To pass the following resolution as a special resolution with or without modification

**RESOLVED THAT** in accordance with the provision of Section 198, 269 and 309 read with schedule XIII of the Companies Act, 1956 (including any statutory modification (s) or re-appointment thereof and that of the Article of Association of the Company and Table A of the companies Act, 1956, and as per the recommendation of remuneration Committee Mr. Ritesh Jain be and is hereby appointed as whole time Director of the company, who fulfills all the conditions specified in Part 1<sup>st</sup> of the Schedule XIII of the Companies Act, 1956, for a period of 3 (three) years from the 30<sup>th</sup> day of September 2007, however that the remuneration at present of Mr. Ritesh Jain shall be as follows:-

BASIC SALARY :- 1,000/- PER MONTH  
PERQUISITES :- NIL

Perquisites shall be based as per the provision of Schedule XIII of the companies Act, 1956 and as may be decided or allowed by the Board of Directors from time to time.

RESOLVED FURTHER THAT where in any financial year closing after March, 2007, the company has no profit or its profit are inadequate, the company shall pay to Mr. Ritesh Jain, remuneration by way of salary, perquisites and allowance not exceeding the ceiling limit specified under section II of the Part II of Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT the board of directors of the company be and is hereby authorized to alter and vary the terms and conditions of the said appointment and / or remuneration up to the limit set out or specified in Schedule XIII of the Companies including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments and / or modifications that may hereafter be made thereto in that behalf from time to time or any amendments thereto, without further reference to the company in general meeting.

Place: Ratlam  
Date: 25.8.2007

**For and on behalf of the Company**  
**SHABA CHEMICALS LIMITED**

Sd/-  
Chairman

**NOTES:**

1. A MEMBER ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF 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. Members are requested to immediately intimate change of address if any, to the Company quoting reference of their registered folio number
3. Register of the Members and share Transfer book of the Company shall remain closed from 26th September 2007 to 29th September 2007 (both days inclusive).
4. Members are requested to bring their copies of the Annual Report to the Meeting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**

**ITEM NO. 4:**

The members may be aware that the present address of the registered office of the company is Mhow Neemuch Road, Ratlam M.P., your directors are of the view that for the purpose of smooth conduct of affairs, the registered office of the company should be shifted at Indore instead of Ratlam. The proposed shifting will enable the company to carry on its business more economically and more efficiently.

According to the provisions of Section 146 of the Companies Act, 1956, it has been provided that except on the authority of a special resolution passed by the company, the registered office of the company shall not be changed outside the local limits of any city, town or village. At present the Registered office of the company is situated in the Ratlam city and provisions of Section 146 (supra) become applicable in the proposed shifting of registered office from Ratlam City (Ratlam District) to Indore (Indore District). Your directors also want to inform you that by the proposed shifting, the registered office shall be situated in the same state and hence there is no need to obtain permission of Company Law Board for the purpose.

Your Directors recommend approving the Special Resolution as set out in the Item No. 4 of the notice. None of the Directors of the Company are concerned or interested in the resolution.

**ITEM NO.5**

Pursuant to the provision of Article of Association of the company, Mr. Shahid Abbas Faizy, Whole Time Director of the Company, resigned from the directorship of the Company, and from the Board of Directors of the Company.

Your Directors recommend approving the Special Resolution as set out in the Item No. 5 of the notice.

Except Mr. Shahid Abbas Faizy none of the Directors of the Company are concerned or interested in the resolution.

**ITEMS NO. 6**

Pursuant to provisions of Articles of Association of the company, your board has decided to appoint Mr. Ritesh Jain as Whole Time Director of the Company. Further the Board of the company has retained powers to vary and modify the terms and conditions of appointment and remuneration of the managerial persons. As per the provisions of Schedule XIII of the act, confirmation is sought for by way of ordinary resolution for the said appointment and remuneration as follows: -

1. BASIS SALARY Rs. 1,000/- PER MONTH
2. PERQUISITES Rs. NIL

The above remuneration shall be effective from the date of appointment as mentioned hereinabove.

Provided that in event of absence or inadequacy of Net Profit in any financial year the remuneration will be payable in accordance with the provisions of Section II of Part II of the Schedule XIII of the Companies Act, 1956.

Provided further that the Board of directors of the company has power and liberty to grant increments in the remuneration (salary and/or perquisites) within the limits set out in the Schedule XIII to the Companies Act, 1956, (including any statutory modifications or re-enactment thereof) from time to time without further reference to the company in general meeting.

Pursuant to the requirement of the Act, the company wants the confirmation of the members by way of ordinary resolution.

Your directors recommend passing the resolution as it is in the best interest of the company.

Place : Ratlam  
Date : 25.8.2007

**For and on behalf of the Company**  
**SHABA CHEMICALS LIMITED**

Sd/-  
**Chairman**

# SHABA CHEMICALS LIMITED

## DIRECTOR'S REPORT

To,  
The Members  
SHABA CHEMICALS LIMITED

Your Directors are pleased to present their 20th Annual Report together with the audited accounts of the Company for the year ended on 31st March 2007 along with the Report of the Auditors thereon.

### FINANCIAL RESULTS

Your Company's turnover was Rs. 619.98 Lacs for the year ended 31<sup>st</sup> March 2007 as against Rs. .10 Lacs for the preceeding year.

|                                     | Year Ended<br>31 st March, 07<br>(Rs. In Lacs) | Year Ended<br>31 st March, 06<br>(Rs. In Lacs) |
|-------------------------------------|--|--|
|                                     | -----  | -----  |
| Profit / (Loss) before Depreciation | .17  | (0.33)   |
| Less: Depreciation                  |  | -  |
| Income Tax earlier Years            | -  |  |
| Net Profit/ (Loss) for the year     | .17  | (0.33)   |

### DIVIDEND

There is no distributable profit for the year so your Directors do not recommended any dividend for the year.

### OPERATION

The management has suspend the production from April, 1998 because of the actual financial crisis and liquidity crunch which compelled the management to retrench the workers and the staff and surrender the power, connection. The production has not been resume during the year. Moreover company has started trading of commodities during the year and exploring business in this area.

### DIRECTOR

Mrs. Jamila Jaliwala Director of the Company retires by rotation at the ensuing Annual General Meeting and her replacement is not being sought.

Mr. Shahid Abbas Faizy resigned from he Directorship of the Company w.e.f. 29.09.2007.

### DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the director to the best of their knowledge and belief confirm that:

## SHABA CHEMICALS LIMITED

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures.
- ii) The Directors have selected such accounting policies and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at the end of the financial year ended 31st March 2007 and of the profit/loss of the Company for that period.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the annual accounts for the year ended 31st March 2007 on as a going concern basis.

### **AUDITOR**

M/S Bharat Neema & Co. Chartered Accountants, the auditor of the company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

### **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 271(1) (e) of the companies Act, 1956 read with the Companies (Disclosure of particulars in the report of board of directors) Rules 1988, regarding conservation of energy is not furnished

### **EMPLOYEES PARTICULARS**

During the year there were 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) Rules 1975, hence prescribed particulars 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.

## SHABA CHEMICALS LIMITED

### ACKNOWLEDGEMENT

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

Place: Ratlam  
Date: 25.08.2007

For and on behalf of the Board  
SHABA CHEMICALS LIMITED

Sd/-  
W T Director

Sd/-  
Director



## SHABA CHEMICALS LIMITED

### REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance, for the financial year April 1, 2006 to March 31, 2007 as per the format prescribed by SEBI and incorporated in clause 49 of the Listing Agreement is set out below:

#### **1. Company's Philosophy on Corporate Governance:**

The Company views, sound Corporate Governance as an integrate part of its efforts to enhance value of Shareholders wealth. The Company endeavors to safeguard the interest of investors, customers, suppliers and endeavours to gain the confidence of the society in general.

#### **2. Board of Directors:**

During the year, Seven meetings of the Board were held on the following dates: 29<sup>th</sup> April 2006, 31<sup>st</sup> July 2006, 1<sup>st</sup> August 2006, 1<sup>st</sup> September 2006, 4<sup>th</sup> September 2006, 31<sup>st</sup> Oct. 2006, and 30<sup>th</sup> January 2007.

The particulars of Directors are as follows: -

| Name of Director     | Category of Directorship and promoter | No. of meeting attended | No. of other Directorship | Committee Membership |
|----------------------|---------------------------------------|-------------------------|---------------------------|----------------------|
| Mr. S. A. faizy      | Promoter & W. T. Director             | 6                       |                           | 2                    |
| Mrs. Jamila Jaliwala | Director                              | 6                       | 1                         | --                   |
| Mr. Anwar Hussain    | Director                              | 5                       | 1                         | 2                    |
| Mr. Ritesh Jain      | Director                              | 3                       | 3                         | 2                    |
| Mr. Rajkumar Jain    | Director                              | 3                       | 1                         |                      |
| Mrs. Sangeeta Neema  | Director                              | 3                       | 1                         |                      |

Mr. Ritesh Jain, Mr. Rajkumar Jain and Mrs. Sangeeta Neema appointed as Additional Director from 1st August 2006.

Mr. Anwar Hussain resigned from directorship of the Company and from the Board of Directors of the Company w.e.f. 30.09.2006.

#### **3. Audit Committee:**

The Audit Committee consists of following Directors:-

1. Mr. S.A. Faizy
2. Mr. Ritesh Jain
3. Mr. Anwar Hussain (up to 30.09.2006)
4. Mr. Raj Kumar Jain