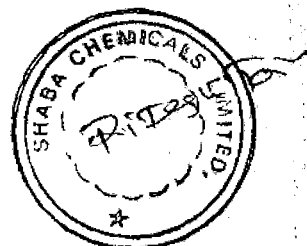


# **SHABA CHEMICALS LIMITED**

**21<sup>ST</sup> ANNUAL REPORT  
2007-2008**



# SHABA CHEMICALS LIMITED

Regd. Office: - 101, Rajani Bhawan,  
569/2, M. G. Road, Indore, (MP) 452001

Notice is hereby given that the 21<sup>st</sup> Annual General Meeting of the Members of SHABA CHEMICALS LIMITED will be held on Saturday the 30<sup>th</sup> day of September, 2008 at 11.00 a.m. at the registered office of the Company at 101, Rajani Bhawan, 569/2, M. G. Road, Indore, (MP) to transact the following business:

## ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2008 and Profit & loss Account for the year ended on that date together with the reports of the Directors and the Auditors thereon.
- 2) Mr. Rajkumar Jain Director of the Company retires by rotation. He is eligible for re-appointment.
- 3) To Appoint Auditors and fix their remuneration.

## SPECIAL BUSINESS

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

Resolved that Pursuant to the provision of Section 224 of the Companies Act, 1956 and other provision applicable if any **M/s S. N. Kabra & Co. Chartered Accountants**, 207, C Block, Silver Mall 8-A, R. N. T. Marg, Indore-452001, be and is hereby appointed as a Auditors of the Company to hold office from the conclusion of this meeting at such remuneration and pocket expences as may be approved by the Board of Directors.

Place: Indore  
Date: 24-06-2008

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

Sd/- *Ritesh Jain*  
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 MEETI
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 27<sup>th</sup> September 2008 to 30<sup>th</sup> September 2008 (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**

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

M/s Bharat Neema & Co. Chartered Accountants, statutory Auditors of the Company tendered their resignation stating their liability to take up the audit for the year ending on the 31<sup>st</sup> March 2008. Further M/s S. N. Kabra & Co. Chartered Accountants, 207, C Block, Silver Mall, 8-A, R. N. T. Marg, Indore (MP)-452001, has conveyed their consent appointment as the Statutory Auditors of the Company for the financial 2007-2008. They have also confirmed in writing that their appointment if made will be in accordance with the limit specified in section 224(1B) of the Companies Act. 1956.

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

Place: Indore  
Date: 24-06-2008

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

Sd/-  
Chairman

*Ritesh Rai*

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## SHABA CHEMICALS LIMITED

### DIRECTOR'S REPORT

To,  
The Members  
SHABA CHEMICALS LIMITED

Your Directors are pleased to present their 21st Annual Report together with the audited accounts of the Company for the year ended on 31st March 2008 along with the Report of the Auditors thereon.

### FINANCIAL RESULTS

Your Company's turnover was Rs. 26.90 Lacs for the year ended 31<sup>st</sup> March 2008 as against Rs. 29.13 Lacs for the preceding year.

	Year Ended 31st March, 08 (Rs. In Lacs)	Year Ended 31st March, 07 (Rs. In Lacs)
	-----	-----
Profit / (Loss) before Depreciation	.06	.17
Less: Depreciation	-	-
Income Tax earlier Years	-	-
Net Profit/ (Loss) for the year	.06	.17

### 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 trading of commodities during the year and exploring business in this area.

### DIRECTOR

Mr. Rajkumar Jain Director of the Company retires by rotation at the ensuing Annual General Meeting and his replacement is being sought.

### 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 2008 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 2008 on as a going concern basis.

### **AUDITOR**

M/S Bharat Neema & Co. Chartered Accountants, give resigned from the post of Statutory Auditor of the company, and M/S S. N. Kabra & Co. Chartered Accountants appointed Statutory Auditors of the Company.

### **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: Indore

Date: 24-06-2008

For and on behalf of the Board  
SHABA CHEMICALS LIMITED

*Ritesh Jain*  
Mr. Ritesh Jain  
(W T Director)

*Jain*  
Mr. Rajkumar Jain  
(Director)

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## SHABA CHEMICALS LIMITED

### REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance, for the financial year April 1, 2007 to March 31, 2008 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 endeavors to gain the confidence of the society in general.

#### 2. Board of Directors:

During the year eight meetings of the Board were held on the following dates: 30.04.2007, 26.07.2007, 25.08.2007, 17.10.2007, 30.10.2007, 14.01.2008, 25.01.2008 and 14.02.2008.

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. Ritesh Jain	W. T. Director	8	2	3
Mrs. Sangita Neema	Director	8	1	3
Mr. Rajkumar Jain	Director	7	1	3
Mr. Shahid Abbas Faizy (Up to 29.09.2007)	Promoter & WTD	2	1	2

#### 3. Audit Committee:

The Audit Committee consists of following Directors:-

1. Mr. S.A. Faizy (up to 29.09.2007)
2. Mr. Ritesh Jain
3. Mr. Rajkumar Jain
4. Mrs. Sangeeta Neema

All the members are independent and possess expert knowledge of Finance, Accounts and Company Law. The functions of Audit Committee are as per Company Law and Listing Agreements with Stock Exchange. These include approving and implementing the audit procedures, review of financial reporting system, internal control procedure and risk management policies. The Committee met 4 Time on 10th April 2007, 10<sup>th</sup> August 2007, 10<sup>th</sup> Decenmber, 2007 and 15<sup>th</sup> February 2008 during the year. All the members were present at the meeting.

**5. Remuneration Committee: -**

The company has constituted Remuneration Committee for payment of remuneration to Managerial Personal. The Committee Meets 4 times on 10.05.2007, 24.08.2007, 15.12.2007 and 15.01.2008 during the year. The members of the Committee are as under: -

1. Mr. Sahid Abbas Faizy (up to 29.09.2007)
2. Mr. Ritesh Jain
3. Mrs. Sangeeta Neema
4. Mr. Rajkumar Jain

**6. Shareholder's / Investor's Grievances Committee:-**

The Company has constituted Investor's Grievances Committee for the purpose of effective redress of the Complaints of the shareholders. The Committee meets 4 times on 11.04.2007, 25.08.2007, 4.12.2007 and 25.01.2008 during the year. The members of the Committee are as under: -

1. Mr. S.A. Faizy (up to 29.09.2007)
2. Mrs. Sangeeta Neema
3. Mr. Ritesh Jain

No complaints during the year 2007-2008 were received. There were no valid requests for transfer of shares pending as on 31.03.2008

**4. General Body Meeting**

Year	Date of AGM	Location	Time
2003-2004	30.09.2004	Ratlam (M.P.)	11.00 a.m.
2004-2005	30.09.2005	Ratlam (M.P.)	11.00 a.m.
2005-2006	30.09.2006	Ratlam (M.P.)	11.00 a.m.
2006-2007	29.09.2007	Ratlam (M P)	11.00 a.m.

No Special Resolution was through Postal Ballot.

No Special resolution requiring postal ballot are placed before the shareholders for approval at this meeting.

**7. Disclosures: -**

- (a) Material related party transaction: During the Financial year 2007-2008 there were no transaction of material nature with its promoters, the directors or the management, there subsidiaries or relatives etc. which may have potential conflict with the interest of Company at large.