

SHABA CHEMICALS LIMITED

**22nd
ANNUAL REPORT
2008-2009**

SHABA CHEMICALS LIMITED

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

Notice is hereby given that the 22nd Annual General Meeting of the Members of SHABA CHEMICALS LIMITED will be held on Monday 30TH day of September, 2009 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 31st March, 2009 and Profit & loss Account for the year ended on that date together with the reports of the Directors and the Auditors thereon.
- 2) Mrs. Sangeeta Neema Director of the Company retires by rotation. She is eligible for re-appointment.
- 3) To Appoint Auditors and fix their remuneration.

Place: Indore
Date: 27.06.2009

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 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 26th September 2009 to 30th September 2009 (both days inclusive).
4. Members are requested to bring their copies of the Annual Report to the Meeting.

SHABA CHEMICALS LIMITED**DIRECTOR'S REPORT**

To,
The Members
SHABA CHEMICALS LIMITED

Your Directors are pleased to present their 22 Annual Report together with the audited accounts of the Company for the year ended on 31st March 2009 along with the Report of the Auditors thereon.

FINANCIAL RESULTS

	Year Ended 31st March, 09 (Rs. In Lacs)	Year Ended 31st March, 08 (Rs. In Lacs)
Turnover	26.30	26.90
Profit / (Loss) before Depreciation	.42	.06
Less: Depreciation	--	---
Income Tax earlier Years	--	--
Net Profit/ (Loss) for the year	.42	.06

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

Mrs. Sangeeta Neema 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:

For SHABA CHEMICALS LTD.,



Ritesh Tain

Director/Authorised Signatory.

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 2009 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 2009 on as a going concern basis.

AUDITOR

M/S S. N. Kabra & 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.

For SHABA CHEMICALS LTD.,



Ritesh Teja

Director/Authorised Signatory.

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: 27.06.2009

For and on behalf of the Board
SHABA CHEMICALS LIMITED

for Shaba Chemicals Limited
Ritesh Jain

Mr. Ritesh Jain
(W T Director)

Whole Time Director

Raj
Mr. Rajkumar Jain
(Director)

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REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance, for the financial year April 1, 2008 to March 31, 2009 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, and endeavors to gain the confidence of the society in general.

2. Board of Directors:

During the year six meetings of the Board were held on the following dates: 25.04.2008, 26.07.2008, 26.08.2008, 21.10.2008, 27.10.2008, and 27.01.2009.

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	6	2	3
Mrs. Sangita Neema	Director	6	1	3
Mr. Rajkumar Jain	Director	4	1	3

3. Audit Committee:

The Audit Committee consists of following Directors:-

1. 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 25th April 2008, 26th July 2008, 27th October, 2008 and 27th January, 2009 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 3 times on 10.05.2008, 24.08.2008, and 15.01.2009 during the year. The members of the Committee are as under: -

1. Mr. Ritesh Jain
2. Mrs. Sangeeta Neema
3. 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 3 times on 24.07.2008, 25.10.2008, and 04.01.2009 during the year. The members of the Committee are as under: -

1. Mrs. Sangeeta Neema
2. Mr. Ritesh Jain

No complaints during the year 2008-2009 were received. There were no valid requests for transfer of shares pending as on 31.03.2009

3. General Body Meeting

Year	Date of AGM	Location	Time
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.
2007-2008	30.09.2008	Indore (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 2008-2009 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.



For SHABA CHEMICALS LTD.,

Ritesh Jain
Director/Authorised Signatory.

SHABA CHEMICALS LIMITED

(b) Details of Non-Compliance: There were no penalties strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital market during the last 3 years.

(c) Auditors Certificate on corporate governance is enclosed herewith.

8. Distribution of Share as on 31st March 2009

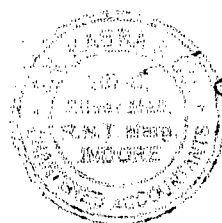
Distribution of Shares	No. of Shareholders	Percentage to Total No. of Shareholders	No. of Shares held	Percentage to total Shares
Up to 5000	1234	73.15	432200	14.77
5001 to 10000	283	16.77	245000	8.36
10001 to 20000	81	4.80	137300	4.70
20001 to 30000	23	1.36	80500	2.75
30001 to 40000	10	0.59	34300	1.17
40001 to 50000	16	0.95	92500	3.16
50001 to 100000	16	0.95	118100	4.03
100001 to above	24	1.43	1787300	61.06
Total	1687	100.00	2927200	100.00

9. Shareholding Pattern

Category of Shareholders	No. of Shares held	percentage of Holding
Private Corporate Bodies	180700	6.17
Indian Public –up to 1 lack	941900	32.18
- More then 1 lack	162000	5.53
NRIs	67100	2.29
Promoters and Persons Acting in concert	1575500	53.82
Total	2927200	100.00

10. Means of Communication:

The Company Communicates with the shareholders through its annual reports, quarterly results and by filing various returns with statutory bodies like Stock Exchanges and the Registrar of Companies.



For SHABA CHEMICALS LTD.,

Ritesh Jain *Rit*
Director/Authorised Signatory.

SHARA CHEMICALS LIMITED

11. Shareholders Information:

(a) ANNUAL GENERAL MEETING, DATE & TIME, VENUE

Wednesday the 30th day of September 2009 at 11.00 AM at the registered office of the Company at 101, Rajani Bhawan, 569/2, M. G. Road, Indore (M.P.)-452001

(b) FINANCIAL CALENDER

		Date of filing
Results for the quarter ending	31.03.2008	25.04.2008
Results for the quarter ending	30.06.2008	26.07.2008
Results for the quarter ending	30.09.2008	21.10.2008
Results for the quarter ending	31.12.2008	27.01.2009

(c) DATE OF BOOK CLOSURE

26.09.2009 to 30.09.2009 (both days inclusive)

(d) LISTING OF SHARES ON STOCK EXCHANGE

The shares of company are listed at M.P., Mumbai and Ahmedabad Stock Exchanges

(e) STOCK CODE: Scrip Code: BSE 524546

(f) STOCK MARKET DATA: Monthly high / low quotation (in Rs.) at BSE are given below:

MONTH	HIGH	LOW
March	18.10	18.10
July	19.95	19.00
September	20.90	18.95

(g) REGISTRAR OR TRANSFER AGENT

Share Transfer and communications regarding share certificates.

In-house Share Transfer at the registered office of the Company at 101, Rajani Bhawan, 569/2, M.G.Road, Indore (M.P.) 452001.



For SHARA CHEMICALS LTD.,
Ritesh Teja
Director/Authorised Signatory.