

# **SHABA CHEMICALS LIMITED**

**24<sup>th</sup>  
ANNUAL REPORT  
2010-2011**

# SHABA CHEMICALS LIMITED

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

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Notice is hereby given that the 24<sup>th</sup> Annual General Meeting of the Members of SHABA CHEMICALS LIMITED will be held on Monday 30<sup>TH</sup> day of September, 2011 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, 2011 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: 11.05.2011

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 2011 to 30th September 2011 (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 24<sup>th</sup> Annual Report together with the audited accounts of the Company for the year ended on 31st March 2011 along with the Report of the Auditors thereon.

### FINANCIAL RESULTS

	Year Ended 31st March, 11 (Rs. In Lacs)	Year Ended 31st March, 10 (Rs. In Lacs)
Turnover	63.63	71.88
Profit / (Loss) before Depreciation	.09	.23
Less: Depreciation	--	---
Income Tax earlier Years	--	--
Net Profit/ (Loss) for the year	.09	.23

### 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:

## **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 2011 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 2011 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.

# 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: 11.05.2011**

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

**Mr. Ritesh Jain  
(W T Director)  
Sd/-**

**Mr. Rajkumar Jain  
(Director)  
Sd/-**

# SHABA CHEMICALS LIMITED

## REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance, for the financial year April 1, 2010 to March 31, 2011 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: 29.06.2009, 28.07.2009, 26.10.2009, 28.01.2010, 19.07.2010 and 29.08.2010.

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	4	3
Mrs. Sangita Neema	Director	4	1	3
Mr. Rajkumar Jain	Director	4	3	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 29<sup>th</sup> June 2009, 26<sup>th</sup> July 2009, 26<sup>th</sup> October, 2009 and 28<sup>th</sup> January, 2010 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 29.06.2009, 26.10.2009, and 28.01.2010 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 29.06.2009, 26.10.2009, and 28.01.2010 during the year. The members of the Committee are as under: -

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

No complaints during the year 2010-2011 were received. There were no valid requests for transfer of shares pending as on 31.03.2011

### **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.
2008-2009	30.09.2009	Indore (M P)	11.00 A.M.
2009-2010	30.09.2010	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 2010-2011 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.

## 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 31<sup>st</sup> March 2011

Distribution of Shares (In Rs.)	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
NRI's	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.



# SHABA CHEMICALS LIMITED

## **11. Shareholders Information:**

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

Wednesday the 30<sup>th</sup> day of September 2011 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	31.03.2009	29.06.2009
Results for the quarter ending	30.06.2009	28.07.2009
Results for the quarter ending	30.09.2009	26.10.2009
Results for the quarter ending	31.12.2009	28.01.2010

### **(c) DATE OF BOOK CLOSURE**

26.09.2011 to 30.09.2011 (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
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July 09	19.95	19.00
Sep 09	20.90	18.95
Oct 09	18.05	18.05
Dec 09	18.95	17.20
Feb 10	18.05	18.05
Aug 10	18.95	17.15
Oct 10	19.85	18.05
Mar 11	19.85	19.85

### **(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.

## **SHABA CHEMICALS LIMITED**

### **(h) SHARE TRANSFER SYSTEM**

Share transfer are registered and returned to within 30 days from the date of receipt it all the documents are in order in all respect. The share transfer committee of the Board of Director of the Company meets frequently to approve the transfer of shares.

### **(i) ADDRESS OF CORRESPONDENCE**

Investor's correspondence should be addressed to:

Registered office of the Company

**101, Rajani Bhawan,  
569/2, M. G. Road  
Indore, (M.P.)- 452001**

**S. N. KABRA**  
C.A.

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**AUDITORS REPORT TO THE MEMBERS OF SHABA CHEMICALS LTD.**

We have audited the Balance Sheet of SHABA CHEMICALS LIMITED as at 31<sup>st</sup> March 2011 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 assurances about whether the financial statement are free of material misstatement. An audit includes examining, on text basic, 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 (as amended ) issued by the Central Government of India in term of sub-section (4A) of section 227 of the Companies Act, 1956. We enclosed in the Annexure a statement on the matter specified in paragraph 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 explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of these 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 representation received from the directors a on 31<sup>st</sup> March 2011, and taken on record by the Board of Director, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2011, from being appointed as a director in term of clause (g) of section 274 of the Companies Act, 1956.
6. In our opinion and the best of our information and according to the explanation given to us, the said Balance Sheet and Profit and Loss Account, with notes thereon given the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view:

In so far as it relates to the Balance Sheet of the state of affairs of the Company at 31<sup>st</sup> March 2011.

- i) In so far it relates to the Profit and Loss Account of the loss for the year ended on the date, and
- ii) In the case of cash flow statement of the cash flows of the Company for the year ended on that date.

**Date:** 11.05.2011

**Place:** Indore

**For S. N. KABRA & CO.**

**Chartered Accountants**

**(S.N. KABRA)**

**Partner**

**S. N. KABRA & CO.**  
CHARTERED ACCOUNTANTS

207, C Block, Silver Mall  
8-A, R.N.T. Marg  
Indore-452001

**S. N. KABRA**  
C.A.

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**AUDITORS CERTIFICATE ON CORPORATE GOVERNENCE**

To the Members of Shaba Chemicals Limited

We have examined the compliance of conditions of corporate governance by Shaba Chemicals Limited, for the year ended 31<sup>st</sup> March 2011, as stipulated in clause 49 of the Listing Agreement of the said Company, with Stock Exchange.

The compliance of condition of corporate governance is the responsibility of the management. Our examination has been limited to a review of procedure and implementation there of, adopted by the company for ensuring the compliance of the conditions of corporate governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanation given to us by the Directors and the Management, we certify that the Company has complied with the condition of corporate governance stipulated in clause 49 of the above mention Listing Agreement.

Based on the certificate received from Share Transfer department and the minutes of the Share Transfer and Shareholders Grievance Committee. We state that no investor grievance is pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Date:** 11.05.2011

**Place:** Indore

**For S. N. KABRA & CO.**

**Chartered Accountants**

**(S.N. KABRA)**  
**Partner**

## **SHABA CHEMICALS LIMITED**

ANNEXURE REFERRED TO IN THE AUDITORS REPORTS ON THE ACCOUNTS FOR THE  
YEAR 2010-2011 OF SHABA CHEMICALS LIMITED, INDORE

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- (1) The Company is not holding any fixed assets on the date of Balance Sheet.
- (2) The Company has ceased to carry on its manufacturing activities and as such the provisions of clause (ii) (a), (ii)(c) & (vii) par 4 of the Companies (Auditors Report) order, 2003 in so far as they relate to the purchase sale and stock of stores, raw material, finished goods and spare parts are considered not applicable to the Company.
- (3) a) The Company has taken unsecured interest free loans from the parties covered in the register maintained under section 301 of the Act amounting to Rs. 2,55,082/-. There are no stipulations as to the rate of interest or terms and conditions of such loans.  
  
b) The company has not given loans secured or unsecured to companies, firms or other parties listed in the register maintain under section 301 of the Companies Act, 1956.
- (4) In our opinion and according to the information and explanation given to us, there are no transaction for the purchase of inventory and sale of goods hence the adequacy of the internal control procedures commensurate wit the size of the Company and the nature of its business is considered to be not applicable.
- (5) Based on the audit procedures applied by us and according the information and explanation provided by the management, there are no contract and arrangements, transaction exceeding five lakh rupees with any party that need to be entered into the register maintained under section 301.
- (6) The Company had not accepted any deposits from the public to which the provision of section 58A and 58AA of the Companies Act, 1956 and any other relevant provision of the Act and the Companies (Acceptance of Deposits) Rules, 1975 would apply. The Company Law Board or National Company Law Tribunal or RBI or any Court or Tribunal has passed no order.
- (7) The Company is listed Company, the paid up capital and reserves of the Company is also exceeding Rs. 50 lakhs and the company have an internal audit system which is commensurate with the size and nature of the business.
- (8) There being no Provident Fund Scheme and ESIC Scheme for the employee in force, the provisions regarding regular deposit of the same are considered to be not applicable. Further the company is regularly in depositing income tax, sales tax, wealth tax, service tax, cess and any other statutory dues with the appropriate authorities. Accordingly information and explanation given to us, there are no undisputed arrears of Statutory dues which have remained outstanding as at 31.03.2011 for the period of more than six months from the date they become payable.

- (9) The Company has accumulated losses of Rs. 3,07,56,380.18 at and up to the end of the financial year. The company has incurred no cash losses during the financial year.
- (10) In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of due to banks. The company has not taken any loans from financial institutions nor has it issued any debentures.
- (11) According to the information and explanation given to us, the company has not granted any loans advances on the basis of security by way of pledge of shares, debentures and other securities.
- (12) The Company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore the provisions of clause 4(xiii) of the said Order are not applicable to the Company.
- (13) In our opinion and according to the information and explanation given to us the Company has not given guarantees for loan taken by others from banks or financial institutions.
- (14) In our opinion and according to the information and explanation given to us, no term loans have been applied for the purpose for which they were raised.
- (15) According to the information and explanation given to us overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long –term investment. Also no long-term fund has been used to finance short-term assets except permanent working capital.
- (16) The company has not made any preferential allotment of share to parties and companies covered in the register mentioned under section 301 of the Companies Act, 1956. According, the question of reporting on whether the prices at which such shares have been issued in prejudicial to the interest of the Company does not arise.
- (17) The Company has not issued any debentures, According, the question of creating a security of disclosures of end use of such monies does not arise.
- (18) The company has not arisen any money by public issued during the year. According, the question of disclosure of end use of such monies does not arise.
- (19) According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**Date:** 11.05.2011  
**Place:** Indore

**For S. N. KABRA & CO.**  
**Chartered Accountants**

**(S.N. KABRA)**  
**Partner**

**M/s SHABA CHEMICALS LIMITED**

**BALANCE SHEET AS ON 31ST MARCH, 2011**

PARTICULARS	SCHE DULE	AS AT 31.03.2011	AS AT 31.03.2010
<b><u>SOURCES OF FUNDS :-</u></b>			
<b>1. SHAREHOLDERS FUND :</b>			
Share Capital	<b>1</b>	29,163,500.00	29,163,500.00
Reserve and Surplus	<b>2</b>	1356430.0000	1,360,930.00
<b>2. LOAN FUNDS :-</b>			
Secured Loans		0.00	0.00
Unsecured Loans	<b>3</b>	255082.00	255,082.00
<b>TOTAL</b>		<b>30,775,012.00</b>	<b>30,779,512.00</b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>1. FIXED ASSETS:-</b>			
Gross Block		0.00	0.00
Less :- Depreciation		0.00	0.00
Net Block		0.00	0.00
<b>2. INVESTMENTS</b>			
<b>3. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Sundry Debtors-	<b>4</b>	215510.17	98,923.66
Cash and Bank Balance	<b>5</b>	57,403.65	167,131.23
Loan and Advances	<b>6</b>	29,600.00	29,600.00
		<b>302,513.82</b>	<b>295,654.89</b>
<b>Less : CURRENT LIABILITIES</b>	<b>7</b>	283,882.00	281,882.00
<b>NET CURRENT ASSETS</b>		<b>18,631.82</b>	<b>13,772.89</b>
<b>4. MISCELLANEOUS EXPENDITURE</b>			
(to the extent not written off or adjusted)			
<b>PROFIT &amp; LOSS ACCOUNT</b>	<b>8</b>	30756380.18	30,765,739.11
<b>TOTAL</b>		<b>30,775,012.00</b>	<b>30,779,512.00</b>
<b>Notes to the Accounts</b>	<b>9</b>		

As Per or reports of even date annexed

**For S N KABRA & Co.**  
**Chartered Accountants**

**For and on behalf of the Board**

**S N KABRA**  
**(Proprietor)**

**Director**

**Director**



Place:Indore  
Date: 11.05.2011

**M/s SHABA CHEMICALS LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31.03.2011**

<b>PARTICULARS</b>	<b>SCHED ULES</b>	<b>31.03.2011 Rs.</b>	<b>31.03.2010 Rs.</b>
<b><u>INCOME:</u></b>			
Sales		6,363,956.98	7,188,105.17
Indirect income	<b>A</b>	42,500.00	73000.00
<b>TOTAL</b>		<b>6,406,456.98</b>	<b>7,261,105.17</b>
<b><u>EXPENDITURE :</u></b>			
Cost of Sales		6142870.47	7,039,639.51
Other Expenses	<b>B</b>	254227.58	197,544.00
<b>TOTAL</b>		<b>6,397,098.05</b>	<b>7,237,183.51</b>
<b>PROFIT/ (LOSS) FOR THE YEAR</b>		9,358.93	23,921.66
Less: Income tax of earlier years		0.00	0.00
		<b>9,358.93</b>	<b>23,921.66</b>
Loss Brought Forward From Earlier Years		30,765,739.11	30,789,660.77
Less: Current Period Profit		9,358.93	23,921.66
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>30,756,380.18</b>	<b>30,765,739.11</b>

As per our report of even date annexed

**For S N KABRA & CO.**  
**Chartered Accountants**

**For and on behalf of the Board**

**S N KABRA**  
**Proprietors**  
**Place: Indore**  
**Date :11.05.2011**

**Director**

**Director**

**M/s SHABA CHEMICALS LIMITED**  
**SCHEDULE FORMING PART OF BALANCE SHEET**

PARTICULARS	31.03.2011 RS.	31.03.2010 Rs.
<b><u>SCHEDULE-1 SHARE CAPITAL</u></b>		
Authorised :- 35,00,000 Equity Shares of Rs.10 each.	35000000.00	35,000,000.00
Issued: 30,00,000 Equity Shares of Rs. 10 each.	30000000.00	30,000,000.00
Subscribed and Paidup 29,27,200 Equity Shares of                      29,272,000 Rs. 10/- each.		
Less:- Calls in Arrears <u>108,500</u>	29163500.00	29,163,500.00
<b>TOTAL</b>	29163500.00	29,163,500.00
<b><u>SCHEDULE-2 RESERVE AND SURPLUS</u></b>		
Capital Reserve as per Balance Sheet Investment Allowance reserve Utilised Reserve as per last Balance Sheet	1356430.00	1,360,930.00
<b>TOTAL</b>	1356430.00	1,360,930.00
<b><u>SCHEDULE-3 UNSECURED LOANS</u></b>		
from Shareholders and Others	255082.00	255,082.00
<b>TOTAL</b>	255082.00	255,082.00
<b><u>SCHEDULE - 4 SUNDRY DEBTORS</u></b>		
--Shri Laxmi Venketesh Commodities Pvt Ltd	208670.79	92,084.28
--Ratna kamal Holding Pvt Ltd	6289.40	6,289.40
-- A 1 Commodities & Financial services	549.98	549.98
<b>TOTAL</b>	215510.17	98,923.66
<b><u>SCHEDULE- 5 CASH AND BANK BALANCE</u></b>		
Balance in Scheduled Banks in current Account	28060.65	29,118.23
Cash in hand	29343.00	138,013.00
<b>TOTAL</b>	57403.65	167,131.23

**M/s SHABA CHEMICALS LIMITED**

<b>PARTICULARS</b>	<b>31.03.2011 Rs.</b>	<b>31.03.2010 Rs.</b>
<b>SCHEDULE - 6 LOANS AND ADVANCES</b>  (Unsecured considered good) Advances recoverable in cash or kind or value to be received	29600.00	29,600.00
<b>TOTAL</b>	29600.00	29,600.00
<b>SCHEDULE -7CURRENT LIABILITIES AND PROVISIONS</b>  Other liabilities and Provisions Provision Sundry Creditors	204100.00 8000.00 71782.00	204,100.00 6000.00 71,782.00
<b>TOTAL</b>	283882.00	281,882.00
<b><u>SCHEDULE -8 PROFIT &amp; LOSS A/C</u></b>  balance as per last Balance Sheet  Add/(less) Current Year (Profit) / Loss	30765739.11  9358.93	30,789,660.77  23,921.66
<b>TOTAL</b>	30756380.18	30,765,739.11

**For S N KABRA & CO.**  
**Chartered Accountants**

**For and on behalf of the Board**

**S N KABRA**  
**Proprietors**  
**Place: Indore**  
**Date :11.05.2011**

**Director**

**Director**

**M/s SHABA CHEMICALS LIMITED**  
**SCHEDULE TO PROFIT AND LOSS ACCOUNT**

PARTICULARS	31.03.2011 Rs.	31.03.2010 Rs.
<b><u>SCHEDULE - A OTHER INCOME</u></b>		
Miscellaneous Income	42500.00	73,000.00
<b>TOTAL</b>	42500.00	73,000.00
<b>SCHEDULE- B OTHER EXPENSES</b>		
ADMENISTEATIVE & OTHER EXP.		
Bank Charge	27.58	80.00
Professional & Legal Fees	27640.00	17,950.00
Photocopy & Faxes Exp.	4250.00	3,095.00
Postage, Telegrams and Telephone Exp.	16780.00	12,330.00
Listing Fees	11030.00	12,314.00
Filing Fees (R.O.C.)	2500.00	2,500.00
Stationery	1680.00	2,875.00
Audit Fees	2000.00	1,500.00
AGM Exp.	28320.00	22,900.00
Salary	160000.00	122,000.00
<b>TOTAL</b>	254227.58	197,544.00

**For S N KABRA & CO.**  
**Chartered Accountants**

**For and on behalf of the Board**

**S N KABRA**  
**Propritors**  
**Place: Indore**  
**Date :11.05.2011**

**Director**

**Director**

## SHABA CHEMICALS LTD.

### SCHEDULE 9

#### NOTES TO ACCOUNTS FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2011

#### 1. SIGNIFICANT ACCOUNTING POLICIES:

##### a) SYSTEM OF ACCOUNTING:

The financial statement are prepared under the historical cost convention in accordance with applicable Accounting Standards and relevant presentational requirements of the Companies Act, 1956 and on an accrual concept unless specifically stated otherwise.

##### b) SALES

During the year company has traded in Commodities and figure of sales are total profit figure of jobbing and cost of sales are total figure of loss on jobbing, resulting to that it does not show whole figure of sale & purchase. It show only net figure of sales and purchases as per the guidelines of the Institute of Chartered Accountant of India.

##### c) SUNDRY CREDITORS, LOANS & ADVAVCES:

Companies' management periodically verify the outstanding balance of sundry creditors, loans, advances, etc. and on the basis of such verification management determines whether the aid outstanding are good, bad or doubtful and accordingly same are written off or written in the accounts.

2. Previous year figure have been regrouped to make them comparable with current year figures.
3. Figures have been rounded off to the nearest rupee.
4. Managerial remuneration U/s 198 of the Companies Act, 1956.

	2009-10	2010-11
Salary	----- 36000	----- 36000

No commission is payable to any of the Director of the Company hence, computation as required under provision of the Companies Act, 1956 has not been given.

#### 5. Auditors Remuneration:

For this year Rs. 2000/-      P.Y. Rs. 1,500/-

6. As the company has discontinued its manufacturing activities the information required under clause 2B(b)(i), 6&7 (in so far as it relate to the value of imports of raw materials,

components, spare parts and consumption of raw materials, etc. of part II to schedule VI) are considered to be not applicable.

7. Differed Tax Liabilities: Company having a huge accumulated losses and management is not expecting any early recovery so we have not provided any deferred tax provision,

8. Segment Reporting: Company has discontinue its manufacturing activity and company doing trading in commodities so there is only single segment of commodities and no other separately reportable segment of trade.

Related party Disclosure: There is no any related parties transaction during the year.

**For & on behalf of the Board  
Shaba Chemicals Limited**

**Mr. Ritesh Jain**  
**(W T Director)**  
Sd/-

**Rajkumar Jain**  
**(Director)**  
Sd/-

**Date:** 11.05.2011  
**Place:** Indore

**For S. N. KABRA & CO.**  
**Chartered Accountants**

**(S.N. KABRA)**  
**Partner**

**SHABA CHEMICALS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**  
(Pursuant to the listing Agreement with Stock Exchange)

		2010-11 (Rs.)	2009-10 (Rs.)
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
	Net Profit/(loss) before Tax	9359	23921
	ADJUSTMENT FOR –	-	-
	Depreciation	-	-
	Sundry Balance written back	-	-
	Operation (Profit)/ loss before working capital changes	9359	23921
	ADJUSTMENT FOR –		
	Decrease / (Increase) in Current Assets	(116586)	172627
	Decrease / (Increase) in Current Liabilities	2000	(119592)
		-----	-----
	Decrease / (Increase) in Net Current Assets	(114586)	53035
	Cash flow before extra ordinary items	0	0
	Extra ordinary items	0	0
		-----	-----
	<b>NET CASH USED IN OPERATING ACTIVITIES</b>	(105227)	76956
	Taxes paid (net of refund)	(4500)	0
		-----	-----
	<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	(109727)	76956
		-----	-----
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIE:</b>		
	NET CASH RECEIVED FROM INVESTING ACTIVITIES	0	0
<b>D</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
	Loan Borrowed	0	0
	<b>NET CASH USED IN FINANCING ACTIVITIES</b>	-----	-----
	<b>Net increase / (Decrease) in Cash &amp; cash equivalent (A+B+C)</b>	(109727)	76956
	<b>Cash &amp; Cash equivalent at the beginning of the year</b>	167131	90175
	<b>Cash &amp; Cash equivalent at the close of the year</b>	57404	167131

For and on behalf of the Board  
Shaba Chemicals Limited

Date: 11.05.2011

Place: Indore

**Mr. Ritesh Jain**

(W T DIRECTOR)

Sd/-

**Rajkumar Jain**

(DIRECTOR)

Sd/-

## **AUDITORS CERTIFICATE**

We have verified that attached Cash Flow Statement of M/s Shaba Chemical Limited for the year ended 31<sup>st</sup> March 2011. This statement has been Complied by the Company from the audited financial statements for the year ended 31<sup>st</sup> March, 2010 and 31<sup>st</sup> March 2011 the same to be in accordance with the requirements of clause 32 of the listing agreement with stock exchange.

**Date:** 11.05.2011  
**Place:** Indore

**For S. N. KABRA & CO.**  
**Chartered Accountants**

**(S.N. KABRA)**  
**Partner**



## SHABA CHEMICALS LIMITED

BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE AS  
REQUIRED BY PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

### REGISTRATION DETAILS:

(a) Registration No. (CIN)	:	L24111MP1986PLC003741
(b) State Code	:	10
(c) Balance Sheet Date	:	31.03.2011

### POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS

Total Liabilities	:	30775012
Total Assets	:	30775012

### SOURCES OF FUNDS

(a) Paid Up Capital	:	29163500
(b) Secured Loan	:	NIL
(c) Reserve and Surplus	:	1356430
(d) Unsecured Loan	:	255082

### APPLICATION OF FUNDS

(a) Net Fixed Assets	:	NIL
(b) Net Current Assets	:	18631.82
(c) Accumulated Losses	:	30756380.18
(d) Investments	:	NIL
(e) Miscellaneous Expenses	:	NIL

### PERFORMAMCE OF COMPANY (Amount in Rs. Thousands)

(a) Turnover	:	6406.45
(b) Total Expenditure	:	6397.09
(c) Profit After Tax	:	9.36
(d) Earning Per Share	:	0.0003
(e) Dividend	:	0.00

### GENERAL NAMES OF 3 PRINCIPAL PRODUCTS

(a) Item Code No.	:	Not available
(b) Product Description	:	Trimethoprim Tinidazole Cetirizin

As per our report of even date annexed

**For S N KABRA & CO.**  
**Chartered Accountant**

(S N KABRA)  
Partner

**For and on behalf of the Board**  
**Shaba Chemicals Limited**

Mr. Ritesh Jain Rajkumar Jain  
(W T Director) (Director)  
Sd/- Sd/-

**Date:** 11.05.2011  
**Place:** Indore

SHABA CHEMICALS LIMITED  
Registered office: 101, Rajani Bhawan, 569/2,  
M G Road, Indore (M. P.)- 452001

PROXY FORM

L. F. No.-----No. of Shares  
I/We -----  
of -----  
-----being a member (s) of Shaba Chemicals Limited hereby  
appoint -----of -----  
-----of failing him/her -----  
-----of -----  
-----as my/our proxy to attend and vote for me /us on my / our behalf  
at the 24<sup>th</sup> Annual General Meeting of the company, to be held at 11 a.m. on Wednesday the  
30th September, 2011 and/or at any adjournment thereof.

Signed this ----- day of ----- 2011. -----

: affix Rs. 1/- :  
: Revenue Stamp:  
:-----:

Signature

NOTE:

The proxy must be returned so as to reach the registered office of the Company at 101, Rajani Bhawan, 569/2, M G Road, Indore (M. P.)- 452001 not less than **FOURTY EIGHT HOURS** before the time for holding the aforesaid meeting.

-----Tear here-----

SHABA CHEMICALS LIMITED  
Registered office: 101, Rajani Bhawan, 569/2,  
M G Road, Indore (M. P.)- 452001

ATTENDENCE SLIP

L.F. No.-----

Mr./Mrs./Miss.-----

(Shareholder's Name in Block Letters)

I/We certify that I/We am/are registered shareholder/proxy for the registered shareholder of the Company. I/We hereby record my/our presence at the 24<sup>th</sup> annual General Meeting of the Company at the Registered office of the Company at 11 a.m. on Wednesday, the 30th September 2011.

.....  
Shareholder's/proxy Signature

(If signed by Proxy, his/her name should be written in block letters)

Notes:

1. Shareholders/proxy holders are requested to bring the attendance slip with them and hand our same at the entrance, duly filled in and signed.

Shareholders are requested to bring their copy of the Annual Report, as copies of the Report will not be distributed again at the meeting in view of increase in the cost.

# Management discussion and Analysis

## **OVERVIEW**

The Indian economy has witnessed good steady recovery and continued to grow in the last fiscal year. Good monsoon in most part of the country and revival in manufacturing activity added to the optimism. This GDP growth has placed India firmly amongst the fastest growing economies of the world in the current year.

There has been no occurrence of any event or circumstance since the date of the last financial statements that may materially and adversely affect or is likely to affect the trading or profitability of our Company or the value of our assets or our ability to pay our liabilities.

## **INDUSTRY STRUCTURE AND DEVELOPMENT**

The Company is mainly engaged in chemical business but due to shortage of funds company is not able to continue this business. Company is looking and enquiring about entering into share broking business and enquiring to get TCM membership of National stock exchange, MCX, NCDEX.

## **OPPORTUNITY AND THERATS**

The Company's strength is its director experience in marketing and commodity trading and company is enquiring for membership of NSE,MCX,NCDEX for the brokerage business.

The Company does face threats from financial arrangement and new emerging players in these product lines.

## **SEGMENT-WISE PERFORMANCE**

The operation of the company consists of the single segment. Hence, Accounting slandered on Segment Reporting (AS-17) issued by institute of Chartered Accountants of India does not apply.

## **OUTLOOK**

We are committed to deliver set up new strong network on a consistent basis , Our strategy has been to develop strong customer relationship and to be a customer driven Company.

The Indian economy ha shown substantial growth in the year 2006-07 and this will have a positive impact in all the sector.

Commodities prices have maintained their high volatility, marking it difficult to take long term view on prices,

## **Factors that may affect our results of the operations**

Our financial conditions and results of operations are affected by numerous factors inter alia-

- Sudden change in global Commodity prices which may effect our outstanding position in commodities.
- General economic and business conditions;
- Our company 's ability to successfully implement our growth strategy;
- Changes in laws and regulations relating to the industry in which we operate;
- Changes in political and social conditions in India;
- Any adverse outcome in the legal proceeding in which our Company is involved; and

## Our Results of Operations

The Breakup of Revenue and Costs of Company is as given below;

	<b>Year ended March,31<sup>st</sup> 2011</b>	<b>Year ended March 31<sup>st</sup> 2010</b>	<b>% charges</b>
<b>Income</b>			
Sales	6363956	7188105	-11.46%
Other Income	42500	73000	-41.78%
	6406456	7261105	-11.77%
<b>Expenditure</b>			
Cost of Purchase	6142870	7039639	-12.38%
Operative Expenses	254227	197544	28.69%
Interest and Financial Charges	0	0	0.00
Depreciation for the Year	0	0	0
<b>Profit/(loss)After Depreciation</b>	9358	23922	-60.88%
Short Provision for earlier Year	0	0	0
Deferred Tax Assets Credited/Debited	0	0	0
Provision for Taxation	0	0	
<b>Profit/(loss)After Tax</b>	9358	23922	-60.88%
Appropriations Transfer to General Reserve	0	0	
<b>Balance Carried to Balance sheet</b>	<b>9358</b>	<b>23921</b>	<b>-60.88%</b>
<b>Earning Per Share</b>	<b>0.0003</b>	<b>0.08</b>	<b>-99.625%</b>

## 1. Total Income

Our revenue has decreased from Rs. 7188105/- in FY 2009-10 to Rs6363956.98/- in FY 2010-11 at a rate of -11.46%. The sales figure is MTM Plus regarding trading in NCDEX.

Other Income represents consultancy income which has reduced from Rs. 42500/- in FY 2009-10 to Rs 73000/- in FY 2010-11 at a rate of -41.78%.

### Cost of Purchase

The Cost of Purchase has reduced from Rs. 6142870/- in FY 2009-10 to Rs.7039639/- in 2010-11 by 12.38%. The Purchases figure is MTM Minus regarding trading in NCDEX.

## 2. Operating Expenses

The principal operating expenses are Salary & other Administrative expenses

## 3. Depreciation

The Company is not having any fixed assets during the year .hence it is Not Applicable.

## 4. Net Profit

Net profit has decreased by -60.88% from Rs23922/- in FY 2009-2010 to Rs.9358/- in FY 2010-2011, which is in decreasing trend.

## Other Factors:

### (1) **Known trends or uncertainties**

There have not been any discernible known negative trends or uncertainties, which could adversely impact the income or revenue from continuing operations.

### (2) **Increase in net sales or revenue is due to increased sales volume, introduction of new products or increase in sales price.**

Increase in sales is solely linked to increase in volume of Trading activity carried out by our Company.

### (3) **Future relationship between costs and revenues**

Our Company doesn't see substantial increase in Salary cost or other Administrative cost.

### (4) **Significant development subsequent to last financial year.**

In the opinion of the Directors, there are no significant changes since the date of the last financial statements, which could materially affect the operations, and Profitability of our Company.

## **DEMATERIALISATIONS**

To facilitate the share holders Company is again applying for with NSDL and CDCL for Dematerializations of its shares.

## **INTERNAL CONTROL**

The Company has an adequate system of Internal Control which enable reliable financial reporting, safeguards assets and encourage adherence to management policies.

The company also has a system for a speedy compilation of accounts and management information reports to comply with applicable laws and regulations.

The company has a reasonable budgetary control system. The actual performance is reviewed with reference to budgets monthly by the management.

The Company has a well defined organization structure, authority level, internal rules and guidelines for conducting business transactions.