



*Annual Report
for
1999-2000*

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SHAHI FOODS LIMITED

SHAH FOODS LIMITED

BOARD OF DIRECTORS

MR. PRADIP P. SHAH

Chirman

DR. A. S. AIYAR

MR. VIRENDRA POPATLAL SHAH

MR. JANAK P. SHAH

Vice-Chairman

MR. SUSHIL P. SHAH

Managing Director

MR. SHRICHAND R. KAHAR

Director Operation

AUDITORSARVIND A. THAKKAR & CO.
Chartered Accountants**BANKERS**BANK OF BARODA
CENTRAL BANK OF INDIA**REGISTERD OFFICE & WORKS**CHHATRAL
KALOL-MEHSANA HIGHWAY
TALUKA KALOL, DISTRICT MEHSANA
GUJARAT - 382 729.

ANNUAL REPORT 1999-2000

NOTICE

Notice is hereby given that the Annual General Meeting of Shah Foods Limited will be held at the Registered Office of the Company at Chhatral, Kalol-Mehsana Highway Road, Ta.Kalol, Dist, Mehsana, Gujarat - 382 729 on Saturday, August 5, 2000 at 11.00 AM to transact the following business:

ORDINARY BUSINESS :

1. To receive and adopt the Profit & Loss Account for the year ended March 31, 2000 and the Balance Sheet as at the date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sushil P. Shah who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. A. S. Aiyar who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS :

1. RESOLVED THAT in accordance with the provisions of section 81 and other applicable provisions, if any, of the Companies Act, 1956 and of the provisions of Memorandum and Articles of Association of the Company Listing agreement with Stock Exchanges and subject to the approval of the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange of Board of India and subject also to the consents, permissions and sanctions of such other appropriate authorities, Institutions of Bodies as may be necessary, consent, authority and approval of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called "The Board", which term shall be deemed to include any committee which the Board may constitute to exercise its powers including the powers conferred by this resolution) to create, issue, offer and allot Equity Shares, Fully Convertible Debentures, Partly Convertible Debentures and/or Warrants with right to subscribe to Equity shares in the company and/or any one or more of such securities and/or other instruments as may be permissible from time to time with or without Warrants to such companies and persons of the Promoter group, their friends, relatives, associates and absolute Companies as the Board may in its absolute discretion decide, for or which upon conversion of such securities or on such exercise of rights of all warrants so issued or allotted could give rise to the issue of an aggregate

SHAH FOODS LIMITED

number of 300000 equity shares in the company within eighteen months from the date of Annual General Meeting when the right to acquire Equity Shares is exercised and in such manner and upon such terms and conditions as the Board in its absolute discretion deem fit, issue of equity shares to take place on exercising of the rights at such price which shall not be less than the price determined in accordance with the SEBI guidelines on preferential allotment from time to time

RESOLVED FURTHER THAT the Securities/Warrants be offered to the persons as aforesaid by offering document/s including provision therein that the right to acquire Equity Shares will be exercised not exceeding eighteen months from the date of Annual General Meeting and if not exercised within that period shall be deemed to have lapsed.

RESOLVED FURTHER THAT in the event of the Company making a Bonus issue of Shares or Rights issue of Shares/Debentures prior to allotment of Equity Shares on exercise of rights attached to the Warrants, the warrant holders shall be entitled to all Rights or Bonus and/or Right Debentures in such proportion as may be decided by the Board at any time after the date of issue of the Warrants subject to such conditions as the Board may deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of Equity Shares as may be required to be issued and allotted upon exercising of rights as referred above or as may be necessary in accordance with the terms of the offering and all such shares to rank pari passu with the existing Equity Shares of the company, except that with regard to any dividend in respect of the company's financial year in which each such new Equity Shares are allotted, these shall be eligible for dividend pro rata to the amount actually paid upon them and proportionate to the period during which they are held in that financial year.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for the aforesaid issue of Securities including, if necessary, creation of such mortgages and/or charges in respect of the Bonds/Debentures on the whole or any part of the undertaking of the company under section 293(1)(a) of the Companies Act, 1956 and to approve, settle and execute such documents or writing as they may consider necessary or proper or incidental to this resolution with power to settle any questions, difficulties or doubts that may arise in regard to any such issue and allotment as it may in its absolute discretion deem fit.

ANNUAL REPORT 1999-2000**NOTES :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead and such proxy need not be a member of the Company. Proxies in order to be effective must be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
2. The Register of Members and Transfer Books of the Company will remain closed from Tuesday August 1, 2000 to Tuesday August 8, 2000 both days inclusive.
3. Members are requested to notify any change in their addresses at Corporate Office of the Company, "Sarayu", 16/1, Kalyan Society, Mithakhali, Ellisbridge, Ahmedabad - 380 006.

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956.

As part of the growth / diversification strategy of the Company, the Board of Directors (the Board) at its meeting on May 29, 2000, decided to obtain and enabling resolution from the shareholders for expanding the company's resource base, to facilitate exploration or initiation of a new project. Hence, the Board propose to issue Equity Shares / Fully Convertible Debentures / Partly Convertible Debentures / Warrants with right to subscribe to Equity shares in the company and/or any one or more of such securities, for or which upon conversion or exercise of right of warrants to be issued could give rise to the issue of an aggregate number of 3,00,000 (three hundred thousand) Equity Shares in the company such right to be exercised within eighteen months of the date of the Annual General Meeting to such companies or person of the promoter group, their friends, relatives, associate and other companies, as the Board may in its absolute discretion decide. The issue of the Shares on preferential allotment basis requires the approval of the shareholders by a special resolution.

Any preferential issue of shares must comply with the guidelines of Securities and Exchange Board of India (SEBI), The price of these shares shall be as per the SEBI guidelines however in any case it will not be less than Rs. 10/-.

The Board of Directors recommends the said Resolution for approval of the meeting.

None of the members of the Board is interested in the proposed resolution except to the extent any one of them or all and/or their relative apply and allotted the said shares.

For and on behalf of the
Board

Ahmedabad
Date: 29-5-2000

JANAK P. SHAH
Vice-Chairman

SHAH FOODS LIMITED

DIRECTORS' REPORT

TO

THE MEMBERS

The Directors submit herewith the Annual Report together with audited statement of accounts for the year ended March 31, 2000.

FINANCIAL RESULTS :

The Gross Surplus for the year amounts to Rs 16.06 lacs against Rs.17.87 lacs for 1998-99.

After providing Rs. 4.86 lacs for loss from trading activities against Rs. nil for the year 1998-99, Rs. Nil for consumption of materials (1998-99: Rs. 3.06 lacs), Rs. 0.38 lacs financial charges (1998-99 : Rs.0.41 lacs) and Rs. 3.84 lacs for depreciation (1998-99 : Rs.3.62 lacs), the surplus for the year amounts to Rs.6.98 lacs (1998-99 : Rs. 10.78 lacs). Adding thereto Rs. 5.23 lacs (provision for liability for central excise no longer required.) Adding to this the balance in the Profit and Loss Account brought forward from the previous year, the amount available for appropriation is Rs. 10.16 lacs. Deducting Rs.3.80 lacs from that for provision for tax for the current year (1998-99: Rs. 2.90 lacs) and Rs. Nil (1998-99 : Rs. 1.84 lacs as taxation for the earlier year), the net surplus Rs. 8.42 lacs (1998-99 : Rs. 6.04 lacs).

DIVIDEND :

The Directors have already declared an interim dividend of 10% (Re 1 per share - 1998-99 Nil) and a special millennium dividend of 2.5% (25 paise per share/ 1998-99 Nil) which has absorbed Rs. 6.87 lacs. Together with tax on dividend of Rs. 0.75 lacs, the total outgo on account of interim dividend is Rs. 7.62 lacs. The Directors do not recommend any final dividend (1998- 99 Re 1 per share).The Directors have transferred Rs. 0.70 lacs to the General Reserve and propose to carry forward Rs. 1.84 lacs in the Profit & Loss Account.

PERFORMANCE OF THE COMPANY :

Shah Foods Limited produced 3330 M.T. of biscuits is complete achievement of the target given by Britannia Industries Limited.

The financial results were achieved entirely by controlling costs and improving efficiency. Britannia Industries Limited has not granted any rate increase since 1994; indeed Shah Foods Limited continues to request Britannia to reimburse direct cost increase as a result of power from April 1, 1995, but so far there is no response..

Our electricity consumption was reduced to 59.83kwh/tonnes as compared to 61.99 kwh/tonne for the previous year and 64.74 kwh/tonne for 1997-98. Our LDO/HSD consumption was reduced to .0528 kl/tonne as compared to 0.0592 kl/tonne for the previous year and for 1997-98 it was 0.0582 kl/tonne, 0.0634 kl/tonne for 1996-97 and 0.0685 kl/tonne for 1995-96.