



Annual Report

2004-2005

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SHAH FOODS LIMITED

SHAH FOODS LTD.

BOARD OF DIRECTORS

MR. PRADIP P. SHAH	Chairman
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 Operations

AUDITORS

ARVIND A. THAKKAR & CO.
Chartered Accountants

BANKERS

BANK OF BARODA
CENTRAL BANK OF INDIA
HDFC BANK LTD.
CITIBANK

REGISTERED OFFICE & WORKS

CHHATRAL
KALOL-MEHSANA HIGHWAY
TALUKA KALOL, DISTRICT GANDHINAGAR
GUJARAT - 382 729.

ANNUAL REPORT 2004-2005**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, Tal. Kalol, Dist. Gandhinagar, Gujarat - 382 729 on Saturday, August 06, 2005 at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive and adopt the Profit & Loss Account for the year ended March 31, 2005 and the Balance Sheet as at that date and the Reports of the Directors, Compliance Certificate and Auditors thereon.
2. To appoint a Director in place of Mr. Pradip P. Shah who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Shrichand R. Kahar 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 :

5. To appoint Mr. Nirav J. Shah, (who was appointed as an additional director of the Company by the Board of Directors, pursuant to the provisions of Articles of Association of the Company and Section 260 of the Companies Act, 1956 who shall hold office only up to the date of this meeting) as a director of the Company and to consider and if thought fit, to pass the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956 Mr. Nirav J. Shah be and is hereby elected and appointed a director of the Company liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modifications, the following resolution as a special Resolution :

"RESOLVED THAT subject to provisions of the Companies Act, 1956, The Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and all other applicable laws, rules regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions which the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution), be and is hereby authorized to agree, the consent of the Company be and is hereby accorded to the Board to delist the Equity shares of the Company from Ahmedabad Stock Exchange."

SHAH FOODS LTD.

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead 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 Monday, August 1, 2005 to Saturday, August 6, 2005, both days inclusive.
3. Members are requested to notify any change in their addresses to the Corporate office of the company or our Register and Transfer Agent M/s Pinnacle Shares Registry Pvt. Ltd. Near Ashoka Mills, Naroda Road, Ahmedabad-38 0025.
4. If any member has queries regarding audited accounts, please send the same in writing to the registered office of the company so as to reach at least seven days before the date of AGM.

EXPLANATORY STATEMENT :

Item No. 5

Mr. Nirav J. Shah was appointed as an additional director of the Company by the Board of Directors, pursuant to the Articles of Association of the Company and provisions of Section 260 of the Companies Act, 1956, and he holds office only up to the date of this Annual General Meeting. Hence, it has been proposed to appoint him as Director of the Company liable to retire by rotation, for which your consent is required by way of passing ordinary resolution.

Mr. Nirav J. Shah may be deemed to be considered or interested in the resolution. Mr. Pradip P. Shah, Mr. Janak P. Shah and Mr. Sushil P. Shah being his relatives, may be deemed to be interested or concerned in the resolution.

Item No. 6

Presently the Company's shares are listed on Ahmedabad and Mumbai Stock Exchanges. Your Board of Directors had at its meeting held at Chhatral on 25-6-2005, approved the delisting of the Company's Equity shares from The Stock Exchange, Ahmedabad.

The Company's securities will continue to be listed on the Mumbai Stock Exchange.

The delisting of the Company's securities from the Ahmedabad Stock Exchange as mentioned above will not adversely affect the investors.

The delisting will be effective after all requisite approvals and permissions are received and the effective date will be notified accordingly.

Your directors recommend the resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

By Order of the Board

Dated : 25-6-2005
Place : Chhatral

Pradip P. Shah
Chairman

ANNUAL REPORT 2004-2005**DIRECTORS' REPORT**

TO

THE MEMBERS

The Directors submit herewith the Annual Report together with audited statement of accounts for the year ended March 31, 2005.

FINANCIAL RESULTS

	2004-2005	2003-2004
	(Rs. in Lacs)	(Rs. in Lacs)
INCOME FROM OPERATIONS	76.81	63.13
OTHER INCOME	9.09	8.80
	<u>85.90</u>	<u>71.93</u>
EXPENDITURES	78.38	66.54
PROFIT FOR THE YEAR BEFORE TAX	7.52	5.39
ADD: PROVISION FOR DEFERRED TAX WRITTEN BACK	-	<u>2.11</u>
	7.52	7.50
LESS: PROVISION FOR TAXATION	1.63	3.72
PROVISION FOR DEFERRED TAX	0.92	-
	<u>4.97</u>	<u>3.78</u>
PROFIT/(LOSS) B/F FROM PREVIOUS YEAR	0.59	4.37
BALANCE C/F TO BALANCE SHEET	4.38	0.59
BASIC EARNING PER SHARE	0.83	0.63

DIVIDEND

Due to inadequate surplus from manufacturing operations, the Directors do not recommend any dividend for the year under review. Dividend prospects for the current year depend on the job work allotment from Britannia Industries Limited.

PERFORMANCE OF THE COMPANY

The company produced 2514 metric tonnes of biscuits, as against 2129 metric tonnes in the previous year again in complete achievement of the target given by Britannia Industries Limited.

Britannia Industries Limited has not granted any increase in conversion charges since 1994; indeed Shah Foods Limited continues to request Britannia to reimburse increase in direct costs as a result of power from April 1, 1995, but so far there is no response.

OUTLOOK

The company has requested Britannia to increase production volume. Britannia has acceded to our request and assured us higher production volume from June 2005 onwards for at least next two quarters. Britannia is introducing new improved Tiger biscuits with nation wide launch of new Tiger biscuits backed by huge advertising and publicity budget. We hope that the new Tiger biscuits shall prevent losing market share of glucose variety and capture substantial market of competitors.

DIRECTORS

During the year under review Mr. Nirav J. Shah was appointed as additional director of the Company who holds office upto the date of this meeting and your consent is required for his appointment as Director of the Company. Pursuant to provisions of Section 256 of the Companies Act, 1956 Mr. Pradip P. Shah and Mr. Shrichand Kahar retire by rotation and being eligible offer themselves for re-appointment.

SHAH FOODS LTD.**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 2000, the Directors state as under.

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period.
3. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That the directors have prepared the annual accounts on a going concern basis.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE :

As required in Section 217 (1) (e) of the Companies Act, 1956 details regarding conversion of energy, etc. are given hereunder :

(A) PARTICULARS :

Power and Fuel Consumption		2004-2005	2003-2004
1. Electricity Purchased :	Units	117,955	102,103
	Amount (Rs. Lacs)	5.77	5.21
	Average Rate/Unit Rs.	4.89	5.10
2. LDO/HSD :	K. Litres	132.34	118.87
	Amount (Rs. Lacs)	27.93	21.05
	Average Rate/K.L. Rs.	21,104.57	17,708.42

CONSUMPTION PER UNIT OF PRODUCTION OF BISCUITS :

1. Electricity (KWH/T)	46.92	47.96
2. LDO/HSD - (KL/T)	0.0526	0.0558

PARTICULARS OF EMPLOYEES :

There is no employee drawing remuneration of Rs.24,00,000/- per annum or Rs. 2,00,000/- or above whose particulars are required to be annexed to the Director's Report under Section 217(2A) of the Companies Act, 1956.

DEPOSITS

The company has not accepted deposits from the public under section 58A of the Companies Act, 1956.

INSURANCE

All the fixed assets and stocks of the company are adequately insured.

For and on behalf of the Board of Directors

For and on behalf of the Board

Chhatral

Date : 25-06-2005

Pradip P. SHAH

Chairman

ANNUAL REPORT 2004-2005**COMPLIANCE CERTIFICATE**

I have examined the registers, records, books and papers of M/S. Shah Foods Limited as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st. March, 2005. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to us by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, on the date as mentioned in the said Annexure 'b'.
3. The Company being Public Limited Company, the provisions of Section 3(1) (iii) of the Companies Act, 1956, are not applicable.
4. The Board of Directors duly met 4 times on 26-4-2004, 24-7-2004, 28-10-2004 and 29-1-2005 in respect of which meetings' proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company had closed its Register of Members and Transfer Book from 21-8-2004 to 27-8-2004 both days inclusive during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March, 2004 was held on 21-8-2004 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the minutes book maintained for the purpose.
7. No Extra Ordinary General meeting was held during the financial year.
8. The Company has not advanced any loan to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company had made necessary entries in the Register maintained under Section 301 of the Act during the year under review.
11. Though there were no instances falling within the purview of section 314 of the Act, the Company has obtained approval of its Members for re-appointment of its Whole Time Director.
12. The Company was not issued any duplicate share certificates during the financial year.
13. (i) The Company has delivered all the certificates on transfer of securities during the financial year. There was no allotment/ transmission of securities during the financial year.
(ii) The Company has not deposited any amount in a separate Bank account as no dividend was declared during the financial year.
(iii) The Company has not required to post warrants to any member of the company as no dividend was declared during the financial year.
(iv) The Company has transferred deposits of Rs.30,700/- remained unclaimed for a period of seven years to Investor Education and Protection Fund and duly complied with the provisions of Section 205 C of the Companies Act, 1956.
(iv) The Company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancies during the financial year.
15. The Company has re-appointed its Whole Time Director after complying with provisions of the companies