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Annual Report
2008-2009

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SHAH FOODS LIMITED

An ISO : 22000 Certified Company

SHAHI

Regd. Office :
Block No. 453/1, Kalol-Mehsana Toll Road, Chhatral-382729, Sub-Dist. Kalol, Dist. Gandhinagar.
Phone : 2764-233931/932

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BOARD OF DIRECTORS	MR. PRADIP P. SHAH	Chairman
	MR. JANAK P. SHAH	Vice-Chairman
	MR. VIRENDRA P. SHAH	Director
	MR. SUSHIL P. SHAH	Director
	MR. NIRAV J. SHAH	Director
	MR. SHRICHAND R. KAHAR	Director Operations
AUDITORS	DINESH R. SHAH & CO. Chartered Accountants	
BANKERS	BANK OF BARODA HDFC BANK LTD.	
REGISTERED OFFICE & WORKS	CHHATRAL KALOL-MEHSANA HIGHWAY TALUKA KALOL, DISTRICT GANDHINAGAR GUJARAT - 382 729.	

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SHAH FOODS LTD.

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, September 19, 2009 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, 2009 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To aprove payment of dividend @ Re. 1 per equity share.
3. To appoint a Director in place of Mr. Sushi P. Shah who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Shrichand R. Kahar who retires by rotation and being eligible, offers himself for re-appointment.
5. 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 authorize the Board to fix their remuneration.

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 Saturday, September 12, 2009 to Saturday, September 19, 2009, both days inclusive.
3. Members are requested to notify any change in their addresses to 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.

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5. Subject to provisions of Section 206A of the Companies Act, 1956, dividend if recommended by the Board of Directors of the Company, is declared at the meeting, will be payable on or after 25th September, 2009 to those members whose names appear on the Register of Members as on the opening of 12th September, 2009.

By Order of the Board

Place : Ahmedabad
Dated : 27-06-2009

Pradip P. Shah
Chairman

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SHAH FOODS LTD.

DIRECTORS' REPORT

TO THE MEMBERS

The Directors submit herewith the Annual Report together with audited statement of accounts for the year ended March 31, 2009.

FINANCIAL RESULTS	F.Y. 2008-2009 (Rs. in Lacs)	F.Y.2007-2008 (Rs. in Lacs)
INCOME FROM OPERATIONS	241.70	192.67
Add : Gain/-Loss From Trading	-8.57	7.40
Add : Other Income	4.72	3.85
Total Income	**237.85**	**203.92**
Less : Expenditures	212.28	173.49
Less : Finance Charges	0.55	0.57
Less : Depreciation	6.56	6.37
PROFIT FOR THE YEAR BEFORE TAX	**18.46**	**23.49**
Less : Provision for Taxation	7.50	7.98
Less : Provision for FBT	0.31	0.38
Less : Provision for Deferred Tax	1.07	-1.86
Net Surplus for the year	9.58	16.99
Add: B/F from P & L A/c	27.49	20.49
Balance for Appropriation	**37.07**	**37.48**
Less : Proposed Dividend	5.97	5.97
Less : Tax on Dividend	1.02	1.02
Less : Transfer to General Reserves	3.00	3.00
Net Balance c/f to Balance Sheet	**27.08**	**27.49**

DIVIDEND

The Board recommends a dividend of 10% (Re. 1 per share; 2007-2008; Re. 1 Per Share) which will absorb Rs. 6.99 lacs together with tax on Dividend of Rs. 1.02 Lacs. The Board has transferred Rs. 3.00 lacs to the General Reserves and proposed to carry forward balance in profit and loss account of Rs. 27.08 Lacs.

PERFORMANCE OF THE COMPANY

The company produced 4925 metric tonnes of biscuits as against 4860 metric tonnes in the previous year, for our principal customer. However, profits from manufacturing operations are not satisfactory and we continue to raise this issue with Britannia. We continue to face the situation of inadequate orders on us from Britannia relative to our capacity, unevenness of order book month by month, as well as sudden reduction in ordered quantity.

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OUTLOOK

While the management continues to request Britannia to increase production volume of the current variety and also to consider giving other premium varieties it is also examining oportunities for diversificaton with urgency.

AUDITORS

The statutory Auditors M/s Dinesh R. Shah & Co. Chartered Accountants, Ahmedabad retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

ISO: 22000-2005 CERTIFICATE AND PRIZE FROM BRITANNIA

Your company has obtained ISO: 22000-2005 certificate for food safety by TUV-SUD Management Services GmbH - trading as TUV South Asia Private Ltd.- valid up to March, 2010

We are pleased to inform you that your company has been selected as best franchisee for having Zero Foreign Body Contamination (FBC) during financial year 2006-07, 2007-08 and again in financial year 2008-09, and was awarded Rs. 50,000/- cash prize by our principal customer Britannia Industries Ltd. for the last three years.

CORPORATE GOVERNANCE

The Company has complied with the provision of listing agreement. A compliance certificate confirming compliance with the company laws is annexed and forms a part of the Director's Report.

The company has put up email ID for investor grievances. Shareholders may lodge their complaint or grievances to Compliance Officer for quick resonse on following email ID. shahfoods@vsnl.com

The Registrars and Share Transfer Agents of the company are Pinnacle Shares Registry Pvt. Ltd., Near Asoka Mills, Naroda Road, Ahmedabad - 380 025.

Of the subscribed capital of company of 597,500 shares, 446,885 shares have been dematerialized upto March 31, 2009. Shareholders are requested to send their physical shares for dematerialization through their depository participants. The company's ISIN No. is INE 455D01012.

DIRECTORS

Mr. Sushil P. Shah and Mr. Shrichand Kahar retire by rotaion and, being eligible, offer themselves for re-appointment.

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

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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.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY AND ABSORBTION AND FOREIGN EXCHANGE EARNINGS

As reported last year, the management took steps to improve fuel efficiency and energy conservation in this expansion and modernization programme.

1. Secured piped natural gas connection and switched over to gas as fuel for the oven from liquid fuel.
2. Replaced tube light chokes with electronic ballast to save electric power. Provided mirror-optic light fixtures with electronic ballast in newly built-up factory building. Also provided energy-efficient Super Saver Meta-Halide light fixtures in the factory premises.
3. Provided 80 KVAR capacitor bank with auto power factor control panel to improve power factor & reduce energy consumption.
4. Provided natural roof extraction ventilators in shop-floor & godown area for natural air circulation on shop floor and translucent fiberglass roofing sheets for providing natural day light.
5. Provided energy efficient man coolers & desert coolers for improving air circulation in the factory.

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		**2008-2009**	2007-2008
1. Electricity Purchased :	Units	351,429	328,621
	Amount (Rs. Lacs)	20.65	17.36
	Average Rate/Unit Rs.	5.88	5.28
2. LDO/ HSD :	K. Litres 01-4-08 to 30-11-08	202.92	258.57
	Amount (Rs. Lacs)	73.85	65.82
	Average Rate/K.L. Rs.	36,394.19	25,455.68
3. GAS	SCM 01-12-08 to 31-03-09	81,122.30	--
	Amount(Rs. Lacs)	15.28	
	Average rate/SCM Rs.	18.84	

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(B) CONSUMPTION PER UNIT OF PRODUCTION OF BISCUITS :

1.	Electricity (KWH/T)	71.36	67.62
2.	LDO/HSD - (KL/T) 01-04-08 to 30-11-08	0.0540	0.0532
3.	GAS (SCM/T) 01-12-08 to 31-03-09	69.693	NA

PARTICULARS OF EMPLOYEES :

There is no employee drawing remuneration in excess of Rs.24,00,000/- per annum or Rs. 2,00,000/- per month 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.

APPRECIATION

Your directors places on record appreciation of services rendered to the company by employees, customers and suppliers as well as our bankers and Government authorities.

For and on behalf of the Directors

For and on behalf of the Board

Pradip P. SHAH
Chairman

Place : Ahmedabad
Date : 27-6-2009

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