

Annual Report 2010-2011



SHAH FOODS LIMITED

An ISO : 22000 Certified Company



Regd. Office :

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



Management Service

CERTIFICATE

The Certification Body
of TÜV SÜD Management Service GmbH
Trading as TÜV SÜD South Asia Private Limited
certifies that

Shah Foods Limited
Block No. 453/1,
Kalol Mehsana Highway, Chhatral
District Gandhinagar - 382 729, INDIA

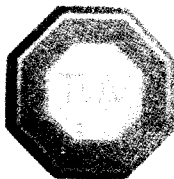
has established and applies
a Food Safety Management System for

**Manufacturing and
Supply of Britannia Biscuits**

An audit was performed, Report No. 70717856
Proof has been furnished that the requirements
according to

ISO 22000:2005

are fulfilled. The certificate is valid until 2013-03-21
Certificate Registration No. 12 510 30893 TMS



M. Wegner

Munich 2010-04-20



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.

SHAH FOODS LTD.

NOTICE

NOTICE is hereby given that the Annual General Meeting of the members of SHAH FOODS LIMITED will be held on Saturday, 17th September, 2011 at the Registered Office of the company at Chhatral, Kalol Mehsana Highway Road, Tal. Kalol, Dist. Gandhinagar, Gujarat - 382 729 to transact the following business :

ORDINARY BUSINESS :

1. To receive consider & adopt the audited Balance Sheet as at 31st March, 2011 the Profit & Loss Account for the year ended on that date and the Reports of the Directors' & the 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. Nirav J. Shah, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

By Order of the Board

Place : Ahmedabad
Dated : 29-07-2011

Pradip P. Shah
Chairman

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
3. Share transfer documents and all correspondence relating thereto, should be addressed to Registrar and Share Transfer Agents of the Company, Bigshare Services Pvt. Ltd. E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka Andheri(E), Mumbai - 400072, Tel : 91-2228470652 | 40430200 | 28470653, Fax : 91-22-28475207, E-mail : marketing@bigshareonline.com
4. Shareholders / proxies are requested to produce the attendance slip at the entrance of the Meeting Hall.
5. The Register of Members and Transfer Books of the Company will be closed from Saturday, September 10, 2011 to Saturday, September 17, 2011. (both days inclusive).
6. Shareholders desiring any information as regards the Accounts are requested to write to the Company at least five days in advance of the Annual General Meeting to enable the Management to keep the information ready at the meeting.

By Order of the Board

Place : Ahmedabad
Dated : 29-07-2011

Pradip P. Shah
Chairman

ANNUAL REPORT 2010-2011

Dear Shareholder,

Sub: Green Initiative

Ministry of Corporate Affairs ("MCA") HAS LAUNCHED A "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies. MCA has issued circular nos. 17/2011, dated 21-04-2011 & 18/2011, dated 29-04-2011 stating that the service of a notice/document by a company to its shareholders can now be made through electronics mode.

In view of the above, Company proposes to henceforth send Annual Report (Audited Financial Statements, Directors' Report, Auditors' Report etc.) and documents such as the Notice of the Annual General Meeting, to the shareholders in Electronic Form to the email address registered with their Depository Participants/RTA of the company.

Shareholders, who are holding shares in Electronic Form or physical form and not registered their email id in the records of the Depository/RTA of the company are requested to register their email address with Depository Participant/RTA of the company **so as to facilitate the communication with you in the electronic mode.**

However, in case you wish to receive the above communications/documents in physical form by post, you may inform us the details like, name, PAN No. , DP ID and client ID by registering with us by filling attached slip or by email at grievancescell@shahfoods.com or by letter before Sept. 30, 2011

Those share holders who have not converted physical shares certificates into D-MAT, may please do so by sending them through your Depository Participants with requisition slip duly signed by all shareholders. ISIN number of the company with Share Depository is INE455D01012.

We are pleased to inform you that the website of your company is under construction and shall be launched very shortly. The URL for the website is www.shahfoods.com you shall be able to view investor's information like share holding pattern, company results and announcements etc, shall be uploaded on the website time to time for your benefit.

We at Shah Foods appreciate the "Green Initiative" taken by MCA and trust you would help implementing the e-governance initiatives of the Government.

Thanking you,

Yours faithfully,

For Shah Foods Limited

Vice Chairman

TEARHERE

RTA OF THE COMPANY:

Bigshare Services Pvt.Ltd.

UNIT: SHAH FOODS LIMITED

E-2 & 3, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri(E),MUMBAI-400072,

Name of shareholder:

No. of shares of Rs. 10/- each in Shah Foods Ltd.,:

DP ID -:

Client Id :

Folio NO. :

PAN No.:

My email ID:

Kindly register the aforesaid details for receipt of documents by me in physical mode by post.

Thanking you,

Yours Faithfully

(Signature) Shareholder

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. 2010-2011	F.Y. 2009-2010
	(Rs. in Lacs)	(Rs. in Lacs)
INCOME FROM OPERATIONS	218.54	203.98
Add : Gain/-Loss From Trading	0.76	15.54
Add : Other Income	2.70	2.84
Total Income	222.00	222.36
Less : Expenditures	213.08	182.02
Less : Finance Charges	0.27	0.18
Less : Depreciation	6.91	6.70
PROFIT FOR THE YEAR BEFORE TAX	1.74	33.46
Less : Provision for Taxation	1.05	7.13
Less : Provision for Deferred Tax	1.23	0.01
Net Surplus for the year	1.93	26.32
Add: B/F from P & L A/c	43.50	27.08
Balance for Appropriation	45.43	53.40
Less : Proposed Dividend	0.00	5.97
Less : Tax on Dividend	0.00	0.93
Less : Transfer to General Reserves	0.00	3.00
Net Balance c/f to Balance Sheet	45.43	43.50

DIVIDEND

Due to non availability of required surplus, the Board does not recommend any dividend (2009-2010: Re. 1 Per Share) so carry forward balance on 31-03-2011 in profit and loss account of Rs. 45.43 Lacs.

PERFORMANCE OF THE COMPANY

The company produced 5223 metric tonnes of biscuits as against 4,659 metric tonnes in the previous year, for our principal customer. However, profits from manufacturing operations are not satisfactory and we continue to raise the issue of increasing the conversion charges in accordance with the current level of inflation, with Britannia.

OUTLOOK

The management is also examining opportunities for diversification, 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, 2013

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, 2008-09, 2009-10 and again in financial year 2010-11, and was awarded Rs. 50,000/- cash prize by our principal customer Britannia Industries Ltd. for the last Five 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 response on following email ID grievancescell@shahfoods.com

The Registrars and Share Transfer Agents of the company are M/S Bigshare Servicex Pvt. Ltd., E/2, Ansa Industrial Estate, Sakivihar Road, Saki-Naka, Andheri (East), Mumbai - 400 072.

Of the subscribed capital of company of 5,97,500 shares, 4,64,535 shares have been dematerialized upto March 31, 2011. Shareholders are requested to send their physical shares for dematerialization through their depository participants. The company's ISIN No. is INE 455D01012.

DIRECTORS

Mr. Pradip P. Shah and Mr. Nirav J. Shah retire by rotation 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 made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the

SHAH FOODS LTD.

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 ABSORPTION 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 :

FORM-A

PARTICULARS :

Power and Fuel Consumption		2010-2011	2009-2010
1. Electricity Purchased :	Units	3,38,753	2,76,690
	Amount (Rs. Lacs)	18.73	16.15
	Average Rate/Unit Rs.	5.53	5.84
2. GAS	SCM	3,31,659.11	3,14,373.45
	Amount(Rs. Lacs)	64.27	53.97
	Average rate/SCM Rs.	19.38	17.17