SHAHI

Annual Report
2001-2002

SHAH FOODS LIMITED

BOARD OF DIRECTORS	MR. PRADIP P. SHAH	Chairman
	DR. A. S. ARAR	
	MR. VIRENDRA POPATLAL SHAH	
	MR. JANAK P. SHAH	Vice-Chairman
	MR. SUSHIL P. SHAH	Managing Director
	MR. SHRICHAND H. KAHAR	Director Operations
AUDITORS	ARVIND A. THAKKAR & CO.	
	Chartered Accountants	
BANKERS	BANK OF BARODA	
	CENTRAL BANK OF INDIA	
	HDFC BANK LTD	
REGISTERED OFFICE & WORKS	CHHATRAL	
	KALOL MEHSANA HIGHWAY	
	TALUKA KALOL DISTRICT GANDHINAGAR	
	GUJARAT 382 729	

NOTICE

NOTICE is hereby given that the Annual General Meeting of SHAH FOCUS 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 31, 2002 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, 2002 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. Mr Shirchand 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 :

To consider and if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution.

5 "RESOLVED THAT subject to sections 198, 309, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be required or necessary Mr. Shirchand R. Kahar be and is hereby re-appointed as manager of the company and occupier of the factory with the designation of Director - Operations for a period of five years from October 1, 2002 on the following terms

a. A monthly Basic salary of Rs. 3750/- p.m. in the grade of Rs. 3750-400-5750.
DA 50% of Basic salary
Conveyance 40% of Basic salary
HRA 40% of Basic salary
Reimbursement of Telephone Expenses up to Rs. 250 per month
Reimbursement of Petrol Expenses up to Rs. 250 per month

b Reimbursement of medical expenses, including hospitalisation and premium for medical insurance for self and family, subject to a ceiling of one month's Basic salary and DA in a year or three month's Basic salary & DA over a period of three years.

c. Leave travel concession (within India) for self and family once in a year upto the maximum of one month Basic salary & DA

d Personal accident insurance, the premium of which shall not exceed Rs. 2000 per annum.

e. Company's contribution to Provident Fund as per the rules. Gratuity payable shall not exceed half a month's salary for each completed year of service.

f. Sick Leave and Annual Privilege Leave entitlement shall be as per the rules of the company

g. He will be paid Bonus within the meaning of Payment of Bonus Act, if applicable.

"RESOLVED FURTHER THAT where in any financial year during the currency of tenure of Mr. Shrichand R. Kalua the company has no profits or if the profits are inadequate, Mr. Shrichand R. Kalua shall be entitled to the salary and perquisites not exceeding the above mentioned limits."

"RESOLVED FURTHER THAT the appointment shall be terminable by three months notice by either party or by payment of three months' salary in lieu of notice by either party."

"RESOLVED FURTHER THAT necessary Agreement recording the terms of remuneration as above be executed between the company and Mr. Shrichand R. Kalua."

"RESOLVED FURTHER THAT the aforesaid salary and the benefits, perquisites and amenities may be increased by the Board of Directors as per the relaxation that may be made by the Government from time to time."

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 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. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of item no. 5 of notice is annexed.
2. The Register of Members and Share and Transfer Books of the Company will remain closed from Tuesday 27, August 2002 to Tuesday 3, September 2002 both days inclusive.
3. Members are requested to notify any change in their addresses to the Corporate Office of the Company.
4. Members are requested to note that delivery of shares of the company is compulsorily required in the dematerialized form for all investors from May 2001. In this connection the company has received ISIN number "INE455C01012" from NSDL & CDSL.
5. Members are requested to note that the company has appointed "Pinnacle Shares Registry Pvt. Ltd., Near Ashoka Mills, Naroda Road, Ahmedabad-380 025 as our Registrar and Transfer Agents for electronic connectivity with NSDL & CDSL. Physical share transfer activity will be carried out in-house at the corporate office of the company.
6. *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.*

By Order of the Board

Dated : 16-07-2002
Place : Ahmedabad

JANAK P. SHAH
Vice-Chairman

EXPLANATROY STATEMENT U/S 173 (2) THE COMPANIES ACT 1956

ITEM 5

Mr. Shrichand R. Kahar was appointed as manager of the company and occupier of the factory with the designation of Director - Operations for a period of five years from October 1, 1997 on the terms and conditions as approved by the shareholders of the Annual General Meeting held on September 13, 1997.

The resolution re-appoints him as Manager of the company and occupier of the factory with the designation of Director Operations respectively for a period of five years from October 1, 2002 on the terms and conditions as broadly spelt out in the proposed resolution and which will be embodied in an agreement to be entered into between the company and Mr. Shrichand R. Kahar.

It may be mentioned that on October 1, 1997, he was appointed on a monthly salary in the grade of Rs.2500-200-3750. Their remuneration is sought to be fixed at Rs. 3750 per month in the grade of Rs 3750-400-5750.

In compliance with the provisions of the Companies Act, 1956, the terms of the appointment of Mr. Shrichand R. Kahar is placed before the members at the General Meeting for their approval. This may be treated as an abstract of the draft agreements between the company and Mr. Shrichand R. Kahar respectively. The drafts are available for inspection by the members of the Company at the Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

None of Directors is interested in this resolution except Mr. Shrichand R. Kahar.

By Order of the Board

Janak P. Shah
Vice-Chairman

Date : 10-07-2002
Place : Ahmedabad

DIRECTORS' REPORT

TO

THE MEMBERS

The Directors submit herewith the Annual Report together with audited statement of accounts for the year ended March 31, 2002.

FINANCIAL RESULTS

The Gross Surplus for the year amounts to Rs. 4.22 lacs against Rs. 1.48 lacs for 2000-2001. After providing Rs. 0.32 lacs for loss from trading against Rs. 7.60 lacs for the year 2000-2001, Rs. 0.22 lacs financial charges (2000-2001, Rs. 0.48 lacs) and Rs. 3.80 lacs for depreciation (2000-2001, Rs. 3.80 lacs) and adding to this the balance in the profit and loss account brought forward from the previous year, the net loss of Rs. 9.65 lacs is carried forward to the balance sheet. In accordance with the Indian accounting standard, accumulated deferred tax liability of Rs. 3.24 lacs is set off against general reserves.

From 1990-91, for eight consecutive years the company progressively increased output during which time it made reasonable profits after paying income tax, paid off all debt, started paying dividends, de-bottlenecked the plant, and accumulated some liquidity. Last two years and again this year, we have seen successively lower production as our principal customer faces difficult conditions in the markets it serves from our plant. Increase in excise duties and high sales taxes on biscuits have affected these markets. The central government has given excise concessions on nutritionally unimportant products like jams and sauces. Farmers are lamenting the accumulation of a wheat mountain and government talks of exporting wheat without value-addition, but a hygienic, highly cost-efficient nutritional product of mass consumption, made from wheat, is sought to be punitively taxed by the central and the state government.

DIVIDEND

In absence of profit, the Directors do not recommend any dividend for the current year.

PERFORMANCE OF THE COMPANY

Sinth Foods Limited produced 2682 metric tonnes of biscuits as against 2746 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, inspite Sinth Foods Limited continued 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 for increase in production volume for viability for the company. Britannia has granted our request and increased production volume from June 2002 onwards for a limited time period. The company is also trying to persuade Britannia to continue the increased production volume for a longer time. These discussions have not yet been fruitful.

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 conservation of energy etc. are given in the Annexure attached hereto forming a part of the Directors' Report.

There is no employee drawing remuneration of Rs. 12,00,000/- 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.

DIRECTORS

Mr. Pradip P. Shah and Mr. Shilchand R. Kabar retire by rotation and, being eligible, offer themselves for re-appointment.

COMPLIANCE CERTIFICATE

As required u/s 383 of the Companies Act, 1956 the compliance report from a practising company secretary is appended to this report. There is no qualification in the said report.

For and on behalf of the Board

Ahmedabad

Date : 18-07-2002

JANAK P. SHAH

Vice Chairman