



**Annual Report
2003-2004**

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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.

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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 21, 2004 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, 2004 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. Janak P. Shah who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Virendra P. Shah 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 :

1. "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. Janak P. Shah, be and is hereby re-appointed as Whole-time Director designated as Vice-Chairman of the company for a period of five years from October 1, 2004 on the following remuneration and other terms as per Agreement proposed to be entered into between the Company and Mr. Janak P. Shah:
 - a. A monthly Basic salary of Rs. 22,000/- p.m. in the grade of Rs. 22000-2000-32000.
 - b. Rent free accommodation or house rent allowance in lieu of rent free accommodation upto 20% of the monthly salary.
 - c. Gas, electricity, water and furnishings at his residence, the expenses of which evaluated as per the Income Tax Rules, 1962 will be subject to a ceiling of 10% of his salary.
 - d. Reimbursement of medical expenses, including hospitalisation and premium for medical insurance for self and family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
 - e. Leave travel concession for self and family once in a year in accordance with the rules of the Company in this regard.
 - f. Fees of clubs subject to a maximum of two clubs, admission and life membership being excluded.
 - g. Personal accident insurance, the premium of which shall not exceed Rs. 4000 per annum.
 - h. Company's contribution to Provident Fund, Superannuation and Annuity shall be as per the rules of

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the Company in this regard. Gratuity payable shall not exceed half a month's salary for each completed year of service.

- i. Sick Leave and Annual Privilege Leave entitlement shall be as per the rules of the company.
- j. The company will provide free telephone facility at the residence of Mr. Janak P. Shah. Personal long distance calls shall be billed by the Company to Mr. Janak. P. Shah.

"RESOLVED FURTHER THAT where in any financial year during the currency of tenure of Mr. Janak P. Shah, the company has no profits or if the profits are inadequate, Mr. Janak P. Shah 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. Janak P. Shah."

"RESOLVED FURTHER THAT the aforesaid remuneration 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 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 Share and Transfer Books of the Company will remain closed from Saturday, August 21, 2004 to Friday, August 27, 2004, 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.

By Order of the Board

Dated: 26-6-2004

Place : Chhatral

Pradip P. Shah

Chairman

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DIRECTORS' REPORT

TO

THE MEMBERS

The Directors submit herewith the Annual Report together with audited statement of accounts for the year ended March 31, 2004.

FINANCIAL RESULTS

The Gross Surplus for the year amounts to Rs. 2.59 lacs against Rs. 10.41 lacs for 2002-2003. After adding Rs. 6.02 lacs for gain from trading against Rs. 1.87 lacs gain for the year 2002-2003, deducting Rs. 0.13 lacs financial charges (2002-2003: Rs. 0.17 lacs), Rs. 3.10 lacs for depreciation (2002-2003: Rs. 3.55 lacs), Nil loss on sale of vehicle (2002-2003: 0.34 lacs) and Rs. 3.73 lacs for taxation for the current & previous year (2002-2003 Rs. 1.11 lacs), the surplus for the year is Rs. 5.38 lacs. Adding Rs. 2.11 lacs for deferred taxation written back and adjusting the negative balance in the profit and loss account brought forward from the previous year, the net negative balance of Rs. 0.59 lacs is carried forward to the balance sheet.

DIVIDEND

Due to the balance of brought forward loss, 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 2129 metric tonnes of biscuits, as against 2743 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 to Britannia to increase production volume. Britannia has acceded to our request and increased production volume from May 2004 onwards for a short period.

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.

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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		2003-2004	2002-2003
1. Electricity Purchased :	Units	102,103	141,326
	Amount (Rs. Lacs)	5.21	7.15
	Average Rate/Unit Rs.	5.10	5.06
2. LDO/ HSD :	K. Litres	118.87	143.75
	Amount (Rs. Lacs)	21.05	18.98
	Average Rate/K.L. Rs.	17,708.42	13,203.48

(B) CONSUMPTION PER UNIT OF PRODUCTION OF BISCUITS :

1. Electricity (KWH/T)	47.96	51.52
2. LDO/HSD - (KL/T)	0.0558	0.0524

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

DIRECTORS

Mr. Janak P. Shah and Mr. Virendra P. Shah retire by rotation and, being eligible, offer themselves for re-appointment.

For and on behalf of the Board of Directors

For and on behalf of the Board

Chhatral
Date : 26-06-2004

Pradip P. SHAH
Chairman

ANNUAL REPORT 2003-2004**COMPLIANCE CERTIFICATE**

We have examined the registers, records, books and papers of 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 31st. March, 2004. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we 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 with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other Authorities.
3. The Company being Public Limited Company, no comments are required.
4. The Board of Directors duly met 4 times on 24-5-2003, 26-7-2003, 18-10-2003 and 24-1-2004 in respect of which meetings' proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of members from 23-8-2003 to 29-8-2003 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended 31st March, 2003 was held on 23-8-2003 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 loan to its directors and/or persons or firms or companies referred in section 295 of the Act after complying with the provisions 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 was not required to make any entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the period.
13. The Company has:
 - (i) not made any allotment of securities and delivered all the certificates on lodgement thereof for transfer in accordance with provisions of the Act.
 - (ii) not deposited any amount in a separate bank account as no dividend was declared during the financial year.
 - (iii) not required to post warrants to any member of the company as no dividend was declared during the financial year.
 - (iv) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted and there was no appointment of additional directors, alternate directors and directors to fill casual vacancies during the financial year.