

ANNUAL REPORT

2011-2012



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

ZERTIFIKAT ♦ CERTIFICATE ♦ CERTIFICADO ♦ CERTIFICAT ♦ СЕРТИФИКАТ ♦ CERTIFICATE ♦ ZERTIFIKAT



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

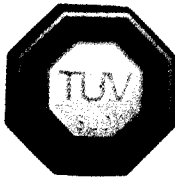
has established and applies
a Food Safety Management System for

**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



Munich, 2010-04-20



TÜV SÜD Management Service GmbH • Zertifizierstelle • Ridlerstraße 65 • 80339 München • Germany

TUV®

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, 22 September, 2012, at 11.00 a.m. at the Registered Office of the Company situated at Chhatral, Kalol-Mehsana Highway Road, Taluka. Kalol, Dist. Gandhinagar, Gujarat-382729 to transact the following business:

ORDINARY BUSINESS :

1. To receive consider & adopt the audited Balance Sheet as at 31st March 2012, 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. Sushil P. Shah, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Srichand R. Kahar, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

- 5 To consider and if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution
RESOLVED THAT subject to provision of Section 198, 309, 310 & 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the members hereby accords its approval for the re-appointment of Mr. Shrichand R. Kahar as Manager for a period of Three years w.e.f. 01/10/2012 and for the payment of remuneration as under:

- | | | |
|----------------------------|---|--|
| a) Salary | : | Rs 9,000/- p. m. in the grade of Rs. 9,000-700-11,100. |
| b) D. A. | : | 50 % of Basic |
| c) HRA | : | 40 % of Basic |
| d) Conveyance | : | 40 % of Basic |
| e) Bonus | : | As provided under Payment of bonus Act, If applicable. |
| f) Medical expenses | : | Ceiling of one month's Basic and D. A. in a year or three months' Basic & D. A. over a period of three years |
| g) Leave travel concession | : | For self and family once in a year up to the maximum of one month Basic & D. A. (Within India) |

Overall remuneration will not exceed Rs 66500/- p. m. and will include payment made by way of perquisites which shall be evaluated at actual cost to the Company and where it is not possible to ascertain actual cost, such perquisites shall be evaluated as per Income Tax Rules, 1962. It will not include followings:

- a) Company's Contribution to Provident Fund as per the rules;
- b) Gratuity payable shall not exceed half a month's salary for each completed year of service;

RESOLVED FURTHER THAT where in any financial year, the company has no profit or its profit is inadequate, the appointee shall be paid the above referred remuneration as minimum remuneration.

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

Place: Ahmedabad
Date: 28th July, 2012

By Order of the Board of Directors
Janak P. Shah
Vice Chairman

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend the meeting and vote on a Poll, if any, in his/her stead and the proxy need not be a member of the Company.
2. The instrument appointing proxies, in order to be effective, must be received by the Company at the registered office, not less than 48 hours before the scheduled time of the meeting. A blank proxy form is annexed to this notice.
3. As required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges the relevant details of Shri Sushil P. Shah and Shri Shrichand R. Kahar, Directors retiring by rotation and seeking re-appointment under Item No. 2 and Item No.3 of the Notice respectively, are annexed herewith.
4. Register of Members and Share Transfer Books of the Company was remained closed from Saturday, the 15 Sept, 2012 to, 22 Sept., 2012 (both days inclusive).
5. The Register of Directors' shareholding maintained under Section 307 of the Companies Act, 1956, will be available for inspection by members at the AGM.
6. The Register of Contracts maintained under Section 301 of the Companies Act, 1956, will be available for inspection by the Members at the Registered Office of the Company.
7. As a Green Initiative in the Corporate Governance, the Ministry of Corporate Affairs ("MCA") vide its circular bearing nos. (i) 17/2011 dated April 21, 2011 and (ii) 18/2011 dated April 29, 2011 allowed the Companies to send various notices/ documents (including Notice conveying AGM, Audited Financial Statements, Auditors' Report, Directors Report and other related documents) to shareholders through electronic mode, to the registered email Id of the shareholders. Pursuant to said Green Initiative. The Company urges the members to communicate their email id to the Company and/or RTA, so that the Company can send future communications to these shareholders in electronic mode.
8. Members are requested to visit the website of the Company 'www.shahfoodslimited.com' for viewing the quarterly & annual financial results and for more information on the Company.
9. For any investor-related queries, communication may be sent by e-mail to grievancescell@shahfoods.com
10. Big Share Services Private Limited (Big Share) is the Registrar & Share Transfer Agent (R&T Agent) of the Company. All investor related communication may be addressed to Big Share at the following address;
Big Share Services Private Limited.
E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka, Andheri (E), Mumbai, 400 072. Tel: 91-22-28470652|40430200|28470653 Fax: 91-22-28475207,
E Mail: marketing@bigshareonline.Com.
11. For effecting changes in address/bank details/ECS (Electronic Clearing Service) mandate, members are requested to notify:
 - (i) The R&T Agent of the Company, viz. Big Share, if shares are held in physical form; and
 - (ii) Their respective Depository Participant (DP), if shares are held in electronic form.
12. Members are requested to send their queries, if any, to reach the Company at its Registered Office, at least 10 days before the meeting, so that the information can be compiled in advance.
13. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM 5**

Members may kindly note that the present term of Shri Shrichand R. Kahar as Manager of the Company will end on 30 September, 2012. He was re-appointed as a Manager for a period of five years w. e. f. 1/10/2012 in Board Meeting dated 28/07/2012 on overall remuneration of Rs 7.98 lac p.a.

On recommendation of remuneration committee, the Board of Directors of the Company at the meeting held on 28/07/2012 has, subject to the approval of the members, unanimously approved the appointment of Shri Shrichand R. Kahar as Manager of the Company w. e. f. 1/10/2012 for a period of 3 (Three) years, including payment of remuneration. An abstract of the terms of appointment pursuant to Section 302 of the Companies Act, 1956 dated 28/07/2012 has already been circulated to the members.

Shri Shrichand R. Kahar has been associated with the Company since 1986 and looks after factory of the Company. Members' approval is required for the re-appointment of Shri Shrichand R. Kahar as Manager of the Company w. e.

SHAH FOODS LTD.

f. 1/10/2012 and payment of remuneration as set out in the accompanying resolution. His appointment shall be terminable by three months' notice on either side or by payment of three months' salary in lieu of notice by either party.

The remuneration proposed is within the limits of Part II of the Schedule XIII of the Companies Act, 1956 and there is no default in repayment of any of debts or interest payable thereon till date. The remuneration is subject to provisions of the Income Tax Act, as applicable from time to time. The remuneration proposed under the resolution was also proposed to be paid as minimum remuneration during the tenure of his appointment, in case in any financial year the company earns no profit or inadequate profit.

The Board recommends the resolution set out at item no. 5 of the notice for your approval.

A draft agreement, recording the terms of remuneration as above to be executed with the appointee, is available for inspection during business hours.

None of the Directors in any way, concerned or interested in the resolution set out at item no. 5 of the Notice.

By Order of the Board of Directors

Place: Ahmedabad
Date: 28th July, 2012

Janak P. Shah
Vice Chairman

Details of the Directors seeking re-appointment in the Twenty Fourth Annual General Meeting [Pursuant to Clause 49 of Listing Agreement of Bombay Stock Exchange]

Particulars	Shri Sushil P. Shah	Shri Srichand R. Kahar
Relationships with other Directors	Brother, Uncle	None
Date of Appointment	07/06/1988	01/10/1997
Expertise	Plastic engineer	Production manager
Qualification	B. Sc. Plastic Engineer	11 Pass
No. of Equity Shares held in the Company	29,550	200
List of other companies in which directorship are held	None	None
List of committees of the Board of Directors (across all companies) in which Chairmanship/ Membership is held	None	None

Note:

The Directorships held by Directors as mentioned above, do not include Directorships of Private Limited Companies.

DIRECTORS' REPORT**TO THE MEMBERS**

The Directors submit herewith the Annual Report together with audited statement of accounts for the year ended March 31, 2012.

FINANCIAL RESULTS	F.Y. 2011-2012	F.Y.2010-2011
	(Rs. in Lacs)	(Rs. in Lacs)
INCOME FROM OPERATIONS	27,084,879	21,854,058
Add : Gain/-Loss From Trading	(728,333)	76,234
Add : Other Income	240,653	270,214
Total Income	26,597,199	22,200,506
Less : Expenditures	25,364,177	21,307,739
Less : Finance Charges	12,139	27,501
Less : Depreciation	704,984	690,885
PROFIT FOR THE YEAR BEFORE TAX	515,899	174,380
Less : Provision for Taxation	212,000	105,411
Less : Provision for Deferred Tax	(12,017)	(123,731)
Net Surplus for the year	315,917	192,700

DIVIDEND

Due to non availability of required surplus, the Board does not recommend any dividend (2010-2011: NIL) so carry forward balance on 31-03-2012 in profit and loss account of Rs. 48.52 Lacs.

PERFORMANCE OF THE COMPANY

The company produced 5,306 metric tonnes of biscuits as against 5,223 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.

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 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 first time get additional 100% performance achieved incentive of Rs. 1,68,694/- from Britannia during current financial year 2011-2012 and previously selected as best franchisee for

SHAH FOODS LTD.

having Zero Foreign Body Contamination (FBC) during financial year 2006-07, 2007-08, 2008-09, 2009-10 and 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, 4,80,335 share have been dematerialized up to 31st March, 2012. 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 R. Kahar 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 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		2011-2012	2010-2011
1. Electricity Purchased : Units		326,365	3,38,753
	.Amount (Rs. Lacs)	19.60	18.73
	Average Rate/Unit Rs.	6.01	5.53
2. GAS	SCM	309103.56	3,31,659.11
	Amount(Rs. Lacs)	82.67	64.27
	Average rate/SCM Rs.	26.75	19.38

(B) CONSUMPTION PER UNIT OF PRODUCTION OF BISCUITS :

1. Electricity (KWH/T)	61.51	64.86
2. GAS (SCM/T)	58.26	63.50

PARTICULARS OF EMPLOYEES :

There is no employee drawing remuneration 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

Place : Ahmedabad
Date : 28-07-2012

Pradip P. SHAH
Chairman

SHAH FOODS LTD.

COMPLIANCE CERTIFICATE

To

The Members

M/s. Shah Foods Ltd.

I have examined the registers, book 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 2012 (financial year). In my / our opinion and to the best of my / our information and according to the examinations carried out by me / us and explanations furnished to me 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 of the Act and the rules made thereunder and all entries therein have been duly recorded.
- 2) The Company has duly filed the forms and returns as stated in 'B' to this certificate, with the Registrar of Companies, Regional Director, C Annexure Central Government, Company Law Board or other authorities within time prescribed under the Act and the rules made thereunder.
- 3) The Company, being a public limited company, has the minimum prescribed paid-up capital.
- 4) The Board of Directors duly met 4 times respectively on 29/04/2011, 29/07/2011, 22/10/2011 and 28/01/2012 in respect of which meeting proper notices were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained of the purpose.
- 5) The Company closed its Register of Members, and/or Debenture holders from 10/09/2011 to 17/09/2011 and necessary compliance of Section 154 of the Act has been made.
- 6) The annual general meeting for the financial year ended on 31/03/2011 was held on 17/09/2011 after giving due notice to the members of The Company and resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- 7) No Extra Ordinary Meeting(s) was/were held during the financial year.
- 8) The Company has not advanced any loans 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 has made necessary 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, as the case may be.
- 12) The Company has not issued any duplicate certificates during the financial year.
- 13) The Company has:
 - a) Not allotted but transferred / transmitted and delivered all the certificates on allotment in accordance with the provisions of the Act.
 - b) not declared dividend during the financial year and hence no amount transferred in a separate bank account;
 - c) not Posted warrants to members of the Company within period prescribed as no dividend was declared;
 - d) Duly complied with the requirements of Section 217 of the Act

- 14) The Board of Directors of The Company is duly constituted and there is no appointment of Directors, additional Directors, alternate Directors and Directors to fill casual vacancies during the financial year.
- 15) The Company has not appointed any Managing Director / Whole-time Director/ Manager during the financial year.
- 16) The Company has not appointed any sole-selling agents during financial year.
- 17) The Company was not required to obtain any approvals of the Central Government, Company Law Board, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
- 18) The Directors have disclosed their interest in other firms/companies to the Board pursuant to the provisions of the Act and the rules made thereunder.
- 19) The Company has not issued any shares, debentures or other securities during the financial year.
- 20) The Company has not bought back any shares during the financial year.
- 21) There was no redemption of preference shares or debentures during the financial year.
- 22) There were no transaction necessitating the Company to keep in abeyance the right to dividend, right shares and bonus shares pending registration of transfer of shares.
- 23) The Company has made loans and investments, or given guarantees or provided securities to other bodies corporate and consequently entries have made in the register kept for the purpose.
- 24) The Company has not made any borrowing during the financial year.
- 25) The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
- 26) The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
- 27) The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
- 28) The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
- 29) The Company has not altered the provisions of the memorandum with respect to share capital of The Company during the year under scrutiny.
- 30) The Company has not altered its articles of association during the financial year.
- 31) There was/were no prosecution initiated against or show cause notices received by The Company, during the financial year, for offences under the Act.
- 32) The Company has not received any money as security from its employees during the financial year.
- 33) The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

Place : Ahmedabad
Date : 28-07-2012

PINAKIN SHAH & CO.
C.P.No./F.C.S. No. 2932/2562

SHAH FOODS LTD.

ANNEXURE A

REGISTERS AS MAINTAINED BY THE COMPANY:

Registers as maintained by the Company

1. Register of Members under Section 150.
2. Index of Members under Section 151.
3. Register of Transfers.
4. Registers of Returns under Section 163.
5. Books of Accounts & other Cost Records under Section 209.
6. Register of Directors, managing Director, Manager & Secretary under Section 303.
7. Register of Directors share holdings under Section 307.
8. Register of Renewed & Duplicate Certificates under Rule 7 of the Companies (Issue of Share Certificates) Rules, 1960.
9. Register of destruction of Records/Documents.
10. Register of Inspection.
11. Register of Director's Attendance..

ANNEXURE B

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year 2011-12

DOCUMENT FILED	DUE DATE	FILED ON DATE	DELAY IN DAYS
Form 66	16-10-2011	04-10-2011	No
Form 23 AC/ACA	31-12-2012	06-12-2011	No
Form 20B	16-10-2011	04-10-2011	No

Place : Ahmedabad

Date : 28-07-2012

PINAKIN SHAH & CO.

C.P.No./F.C.S. No. 2932/2562

AUDITORS' REPORT

To,

The Members of SHAH FOODS LTD.

We have audited the attached Balance Sheet of **M/s. SHAH FOODS LIMITED** as at 31st March, 2012 and also the Profit and Loss Account for the year ended on that date annexed there to. These financial statements are the responsibilities of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

- 1) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain a reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures made in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (2) As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- (3) Further to our comments in the Annexure referred to above, we report that:
 - 1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - 2 In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
 - 3 The said Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of accounts.
 - 4 In our opinion, the Balance Sheet and the Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
 - 5 On the basis of written representation received from the directors as on 31-3-2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31-3-2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - 6 In our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a. In the case of the balance sheet, of the state of affairs of Shah Foods Limited as at 31st March, 2012;
AND
 - b. In the case of Profit and Loss Account, of the Loss for the year ended on that date.

PLACE : AHMEDABAD

DATED : 28-07-2012

FOR DINESH R. SHAH & Co.
CHARTERED ACCOUNTANTS

Hiren D. Shah
(PARTNER)
MEMBERSHIP NO: 47928

SHAH FOODS LTD.

ANNEXURE TO AUDITORS' REPORT

(Referred to in Paragraph 2 of the Auditors' Report of even date to the members of Shah Food Limited on the financial statements for the year ended March 31, 2012)

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) There management has conducted physical verification of inventory at reasonable intervals during the year..
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed physical verification carried out at the end of the year.
3. (a) The Company has not granted any loans during the year.
(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
(c) The loans granted are re-payable on demand and the payment of interest has been regular.
(d) As informed, the Company has not taken any loans , secured or unsecured from companies ,firms or other parties covered in the register maintained under section 301 of the companies Act,1956.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for sale of goods and services. Further, on the basis of examination of the books of account and records of the Company, and according to the information an explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been properly entered in the said register.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has not an internal audit system commensurate with the size and nature of business. But its internal control procedures ensures internal checking of financial record which is in our opinion reasonable under the circumstances.
8. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
9. (a) According to the books of accounts and the records as produced and examined by us in accordance with the generally accepted auditing procedures in India, in our opinion, the Company is regular in depositing the undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax,

sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities in India.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales tax, wealth tax, service-tax, customs duty, excise duty and cess as at March 31, 2012 which have not been deposited on account of any dispute.
10. The Company has no accumulated losses as at March 31, 2012 and it has not incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.
 11. According to the books of account and records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
 12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
 14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments. The shares and securities held by the company as investments are in its own name, except to the extent of exemption granted under section 49 of the Companies Act, 1956.
 15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
 16. In our opinion and according to the information and explanations given to us, on an overall basis, the term loan has been applied for the purpose for which it was obtained.
 17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
 18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
 19. The Company has not issued debentures during the year.
 20. The Company has not raised any money by public issues during the year.
 21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

PLACE : AHMEDABAD

DATED : 28-07-2012

FOR **DINESH R. SHAH & Co.**
CHARTERED ACCOUNTANTS.

Hiren D. Shah
(PARTNER)
MEMBERSHIP NO: 47928

SHAH FOODS LTD.**BALANCE SHEET AS ON 31ST MARCH 2012**

PARTICULARS	Note No.	As at 31st March 2012		As at 31st March 2011	
		Rs.	Rs.	Rs.	Rs.
I EQUITY AND LIABILITIES					
1. Shareholder's funds					
(a) Share Capital	3	5,975,000		5,975,000	
(b) Reserves and surplus	4	6,686,034		6,370,117	
(c) Money received against share warrants					
			<u>12,661,034</u>		<u>12,345,117</u>
2. Share application money pending allotment					
3. Non-current liabilities					
(a) Long-term borrowings		-		-	
(b) Deferred Tax liabilities (Net)	5	544,833		530,903	
(c) Other Long term liabilities		-		-	
(d) Long-term Provisions	6	213,972		148,300	
			<u>758,805</u>		<u>679,203</u>
4. Current Liabilities					
(a) Short term borrowings		-		-	
(b) Trade payables		-		-	
(c) Other current liabilities	7	1,056,677		1,562,991	
(d) Short term provisions	8	128,809		384,384	
			<u>1,185,486</u>		<u>1,947,375</u>
TOTAL			<u>14,605,325</u>		<u>14,971,695</u>
II ASSETS:					
1. Non-current assets					
(a) Fixed assets					
(i) Tangible assets	9	5,089,482		5,613,184	
(ii) Intangible assets		-		-	
(iii) Capital work-in-progress		-		-	
(iv) Intangible assets under development		-		-	
(b) Non-current investments	10	6,000		6,000	
(c) Deferred tax assets (net)	5	53,024		27,077	
(d) Long-term loans and advances	12	720,033		230,261	
(e) Other non-current assets	13	2,175,918		1,758,945	
			<u>8,044,457</u>		<u>7,635,467</u>
2. Current Assets					
(a) Current investments		-		-	
(b) Inventories	11	3,822,365		4,051,966	
(c) Trade receivables		-		-	
(d) Cash and Cash equivalents	14	2,738,504		3,284,262	
(e) Short-term loans and advances		-		-	
(f) Other current assets		-		-	
			<u>6,560,869</u>		<u>7,336,228</u>
TOTAL			<u>14,605,325</u>		<u>14,971,695</u>

See significant accounting policies and accompanying notes forming part of the Financial Statements

As per our audit report even date
FOR DINESH R. SHAH & CO.
 CHARTERED ACCOUNTANTS

Firm registration no. 102610W
HIREN D. SHAH (PARTNER)
 MEMBERSHIP NO. 047928
 Place : Ahmedabad
 Date : 28th July, 2012

For and on behalf of the Board of Directors
SHAH FOODS LIMITED

PRADIP P. SHAH
 Chairman

JANAK P. SHAH
 Vice Chairman

Place: Ahmedabad
 Date : 28th July, 2012

STATEMENT OF PROFIT & LOSS AS ON 31ST MARCH 2012

PARTICULARS	Note No.	For the year ended		For the year ended	
		31st March 2012	31st March 2011	31st March 2012	31st March 2011
		Rs.	Rs.	Rs.	Rs.
I Revenue from Operations					
a Revenue from operations (net) - Job Charges		27,084,879		21,854,058	
b Income from Share Trading activities	16	(728,333)		76,234	
			26,356,546		21,930,292
II Other Income	15		240,653		270,214
III Total (I + II)			26,597,199		22,200,506
IV Expenses					
a Cost of materials consumed		-		-	
b Purchases of Stock in Trade		-		-	
c Changes in inventories of finished goods, work in progress and Stock-in-trade		-		-	
d Employee benefits expense	17	3,755,686		3,440,854	
e Other expense	19	21,608,491		17,866,885	
Total			25,364,177		21,307,739
Earnings before exceptional items and extraordinary items, interest, tax, depreciation and amortization (EBITA)(III-IV)			1,233,022		892,766
VI Finance Costs	18	<u>12,139</u>		<u>27,501</u>	
VII Depreciation and amortization expense	9	704,984		690,885	
			717,122		718,386
Profit before exceptional and extraordinary items and extra or tax (V-VI & VII)			515,899		174,380
IX Exceptional Items					
X Profit before extraordinary items and tax (IX-VIII)			515,899		174,381
XI Extraordinary items					38,781
XII Profit before tax (X-XI)			515,899		135,599
XIII Tax expense:					
1 Current tax expenses for the current year		212,000		66,630	
2 Deferred tax		<u>(12,017)</u>		<u>(123,731)</u>	
			199,983		(57,101)
Profit/(Loss) for the period from continuing operations (IX - X)			315,917		192,700
Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)					
XVI Earnings per equity share:					
1 Basic			0.53		0.32
2 Diluted			0.53		0.32
See significant accounting policies and accompanying notes forming part of the Financial Statements					

As per our audit report even date
FOR DINESH R. SHAH & CO.
 CHARTERED ACCOUNTANTS

Firm registration no. 102610W
HIREN D. SHAH (PARTNER)
 MEMBERSHIP NO. 047928
 Place : Ahmedabad
 Date : 28th July, 2012

For and on behalf of the Board of Directors
SHAH FOODS LIMITED

PRADIP P. SHAH
 Chairman

JANAK P. SHAH
 Vice Chairman

Place: Ahmedabad
 Date : 28th July, 2012

SHAH FOODS LTD.

CASH FLOW STATEMENT FOR THE YEAR MARCH 31, 2012

	Rupees
A	
Cash flow from operating activities	
Profit/(Loss) before tax	515,899
Depreciation	704,984
Current tax expenses for the current year	(212,000)
Interest expense	12,139
Interest (income)	(240,653)
Operating profit before working capital changes	780,369
Movements in fund / capital :	
Increase/ (decrease) in Long-term borrowings	-
Increase/ (decrease) in other long term liabilities	-
Increase/ (decrease) in other long term provisions	65,672
Increase/ (decrease) in short term borrowings	-
Increase/ (decrease) in trade payable	-
Increase/ (decrease) in other current liabilities	(506,314)
Increase/ (decrease) in short term provision	(255,575)
Decrease / (increase) in Long-term loans and advances	(489,772)
Decrease / (increase) in Other non-current assets	(416,973)
Decrease / (increase) in current investments	-
Decrease / (increase) in inventories	229,601
Decrease / (increase) in trade receivables	-
Decrease / (increase) in short-term loans and advances	-
Decrease / (increase) in other current assets-	-
Cash generated from / (used in) operations	(592,991)
Net cash flow from/ (used in) operating activities A	(592,991)
B	
Cash flows from investing activities	
Purchase of non-current investments	-
Purchase of fixed assets	(181,281)
Sale of fixed assets	-
Interest and Dividend received	240,653
Net cash flow from/ (used in) investing activities B	59,372
C	
Cash flows from financing activities	
Dividend paid	-
Interest paid	(12,139)
Net cash flow from/ (used in) in financing activities C	(12,139)
Net increase/(decrease) in cash and cash equivalents A + B + C	(545,759)
Cash and cash equivalents at the beginning of the year	3,284,262
Cash and cash equivalents at the end of the year	2,738,504
Components of cash and cash equivalents	
Cash in hand	11,500
With banks- in current account	788,557
- in deposit account and accrued interest account	1,938,447
Total cash and cash equivalents (note 7)	2,738,504
Summary of significant accounting policies	2

Notes:

- The above Cash flow statement has been prepared under the indirect method set out in AS-3 as notified under section 211(3C) of the Companies Act, 1956.
- Figures in brackets indicate cash outflow.
- Following non cash transactions have not been considered in the cash flow statement: - Tax deducted at source (on income)
- Previous year's figures have been regrouped or reclassified wherever necessary to conform to current year's grouping and classification.

As per our audit report even date
FOR DINESH R. SHAH & CO.
 CHARTERED ACCOUNTANTS
 Firm registration no. 102610W
HIREN D. SHAH (PARTNER)
 MEMBERSHIP NO. 047928
 Place : Ahmedabad
 Date : 28th July, 2012

For and on behalf of the Board of Directors
SHAH FOODS LIMITED
 PRADIP P. SHAH
 Chairman
 JANAK P. SHAH
 Vice Chairman
 Place: Ahmedabad
 Date : 28th July, 2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1. Corporate information

The company's activities are in manufacturing of Biscuits for Britannia Industries Limited and Trading of shares and securities.

2. Significant accounting policies

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention and prepares its accounts on a going concern basis. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

2.2 Use of estimates

In the preparation of the financial statements, the management of the Company makes estimates and assumptions in conformity with the applicable accounting principles in India that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, and the useful lives of fixed assets and intangible assets.

2.3 Tangible fixed assets

Fixed assets are stated at cost. Cost comprises cost of acquisition, freight, duties levies and directly attributable cost of bringing the assets to their working condition up to the date, the asset is ready for its intended use.

Consumables and other assets in such nature as computers parts, individually costing Rs. 5,000 or less are not capitalized, except when they are part of a large capital investment program.

2.4 Capital work-in-progress

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses.

2.5 Intangible assets

The company recognizes intangible assets in accordance with Accounting Standard i.e. AS 26 issued by the Institute of Chartered Accountants of India on intangible assets less accumulated amortisation and impairment losses.

2.6 Depreciation & amortisation

Depreciation is provided in accordance with the provisions of Schedule XIV of the Companies Act, 1956 on "straight-line" method as:

Office Equipment	@ 4.75%
Factory Building & Tube well	@ 3.34%
Furniture and Fixtures	@ 6.33%
Computers	@ 16.21%
Vehicle	@ 5.25%

SHAH FOODS LTD.

2.7 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

2.8 Inventories

Inventories are valued at the lower of cost (on FIFO / weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including Octroi and other levies, transit insurance and receiving charges.

Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty

2.9 Revenue Recognition:

Sales

Income from sales of goods is recognised upon passage of risks and rewards of ownerships to goods, which generally coincide with delivery of goods to customers.

Interest income from deposit is accounted on accrual bases and considered as operating income

Dividend Income is accounted when the right to receive the payment is established.

2.10 Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.12 Employee benefits

Employee benefits include provident fund, gratuity fund and compensated absences.

Annual leave benefits / leave encashment to employees and retirement benefits in form of gratuity are charged to Statement of Profit and Loss based on undiscounted amount (actual bases) rather than actuarial valuations.

Defined contribution plans

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Short-term employee benefits

"The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur."

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

2.13 Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

2.14 Taxes on Income

"Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. and based on expected outcome of the assessment."

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date.

Deferred tax liabilities are recognised for all timing differences.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their reliability.

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

2.15 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

However, all known, material contingent liabilities are disclosed by way of separate notes.

2.16 Prior Expenditure / Income

Expenditure / Income relating to prior year are disclosed separately, if any.

2.18 Earnings Per Share**Basic EPS**

The earnings considered in ascertaining the Company's basic EPS comprise the net profit/ (loss) after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

Diluted EPS

The net profit/ (loss) after tax and the weighted average number of shares outstanding during the year are adjusted for all the effects of dilutive potential equity shares for calculating the diluted EPS.

SHAH FOODS LTD.

3 SHARE CAPITAL	As at 31st March 2012		As at 31st March 2011	
	No. of Shares	Rupees	No. of Shares	Rupees
a. AUTHORISED				
Equity Share Capital of Rs. 10 each (with voting rights)	100,000	1,000,000	1,000,000	1,000,000
b. ISSUED, SUBSCRIBED & FULLY PAID UP SHARES				
Equity Share Capital of Rs. 10 each fully paid (with voting rights)	597,500	5,975,000	597,500	5,975,000
TOTAL		5,975,000		5,975,000

c. Reconciliation of the shares (with voting rights) outstanding

	As at 31st March 2012		As at 31st March 2011	
	No. of Shares	Rupees	No. of Shares	Rupees
At the beginning of the year	597,500	5,975,000	597,500	5,975,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	597,500	5,975,000	597,500	5,975,000

d. Details of shareholders holding more than 5% shares in the Company

Name of Share Holder	As at 31st March 2012		As at 31st March 2011	
	No. of Shares	Rupees	No. of Shares	Rupees
PRADIP P SHAH- Chairman	67955	11.37%	67,955	11.37%

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

e. Rights & Restriction attached to shares

Equity shares

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

ANNUAL REPORT 2011-2012

	As at 31st March 2012		As at 31st March 2011	
	Rupees	Rupees	Rupees	Rupees
4 RESERVE & SURPLUS				
a General Reserve				
Opening Balance	1,834,256		1,834,256	
Additions / Reduction during the year	-		-	
Adjusted Against Opening Profit & Loss (Debit Balance)	-		-	
Closing Balance		1,834,256		1,834,256
b Surplus/ (deficit) in the statement of profit and loss				
Balance as per last financial statements	4,535,861		4,343,161	
Add : Profit during the Year	315,917		192,700	
Net surplus in the statement of profit and loss		4,851,778		4,535,861
TOTAL		6,686,034		6,370,117
5 DEFERRED TAX LIABILITES (NET)				
		As at 31st March 2012		As at 31st March 2011
		Rupees	Rupees	Rupees
a Difference between book and tax written down of fixed assets	1,763,377			1,718,134
Gross deferred tax liability		544,833		530,903
b Less Deferred tax assets				
Difference in provision disallowance				
Adjustments to the carrying amount of investment				
Gross deferred tax assets		(53,024)		(27,077)
Net deferred tax liability		491,809		503,826
TOTAL		491,809		503,826
6 LONG TERM PROVISIONS				
		As at 31st March 2012		As at 31st March 2011
		Rupees	Rupees	Rupees
a Provision for employee benefits				
b Others	213,972		148,300	
		213,972		148,300
TOTAL		213,972		148,300
7 OTHER CURRENT LIBIALITIES				
		As at 31st March 2012		As at 31st March 2011
		Rupees	Rupees	Rupees
a Other payable	774,714		1,268,443	
b Statutory dues	281,963		294,548	
		1,056,677		1,562,991
TOTAL		1,056,677		1,562,991
8 SHORT TERM PROVISIONS				
		As at 31st March 2012		As at 31st March 2011
		Rupees	Rupees	Rupees
a Provision for employee benefits	128,809		384,384	
b Others	-		-	
		128,809		384,384
TOTAL		128,809		384,384

In Rupees

9 FIXED ASSETS Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As on 1-Apr-11	Addition	Deduction	As at 31-Mar-12	As on 1-Apr-11	Addition	Deduction	As at 31-Mar-12	As at 31-Mar-12	As at 31-Mar-11
Tangible Assets	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
a Computer	664,944	90,081	--	755,025	501,666	50,774	--	552,440	202,584	163,277
b Factory Building	4,194,782	--	--	4,194,782	2,032,480	140,106	--	2,172,586	2,022,196	2,162,302
c Furniture and Fixture	450,754	--	--	450,754	259,661	28,533	--	288,194	162,560	191,093
d Free Hold Land	208,914	--	--	208,914	-	--	--	--	208,914	208,914
e Office Equipments	216,625	91,200	--	307,825	50,064	13,046	--	63,109	244,716	166,561
f AVO Car	538,863	--	--	538,863	108,588	28,290	--	136,879	401,984	430,275
g Plant and Machineries	4,255,529	--	--	4,255,529	1,999,613	440,022	--	2,439,635	1,815,894	2,255,916
h Tube well	126,091	--	--	126,091	91,245	4,213	--	95,458	30,633	34,846
Total	10,656,502	181,281	--	10,837,783	5,043,317	704,984	--	5,748,301	5,089,482	5,613,184
Previous year	10,542,612	113,890	--	10,656,502	4,352,432	690,885	--	5,043,317	5,613,184	6,190,180

	As at 31st March 2012		As at 31st March 2011	
	Rupees	Rupees	Rupees	Rupees
10 NON CURRENT INVESTMENT				
At cost and fully paid-up unless otherwise specified				
Investment in Government Securities				
NSC 31-08-09 to 31-08-15		6,000		6,000
TOTAL		6,000		6,000
	As at 31st March 2012		As at 31st March 2011	
	Rupees	Rupees	Rupees	Rupees
11 INVENTARIES				
a Raw Materials		53,075		53,075
b Shares in Trading accounts		3,769,290		3,998,891
TOTAL		3,822,365		4,051,966
	As at 31st March 2012		As at 31st March 2011	
	Rupees	Rupees	Rupees	Rupees
12 LONG TERM LOANS AND ADVANCES				
c Unsecured & considered good and recoverable in cash or in Kind		720,033		230,261
d Income Tax refund receivable				
e Fixed Deposit with Bank				
TOTAL		720,033		230,261
	As at 31st March 2012		As at 31st March 2011	
	Rupees	Rupees	Rupees	Rupees
13 SHORT TERM LOANS AND ADVANCES				
a Unsecured & considered good and recoverable in cash or in Kind		1,628,825		1,280,421
b Income Tax refund receivable		547,093		478,524
TOTAL		2,175,918		1,758,945
	As at 31st March 2012		As at 31st March 2011	
	Rupees	Rupees	Rupees	Rupees
14 CASH & CASH EQUIVALENTS				
a Cash on Hand		11,500		4,621
b Balance with Scheduled Banks				
i) In Current Accounts		788,557		1,387,818
ii) Fixed Deposit with Bank		1,926,932		1,883,859
iii) Accrued Interest on Bank Fixed Deposit		11,515		7,964
TOTAL		2,727,004		3,279,641
		2,738,504		3,284,262
	FY 2011-12		FY 2010-11	
	Rupees	Rupees	Rupees	Rupees
15 OTHER INCOME				
a Interest on Bank Fixed Deposit		160,689		157,736
b Dividend		79,270		112,478
c Previous year's excess provision added back		694		-
TOTAL		240,653		270,214

SHAH FOODS LTD.

	FY 2011-12		FY 2010-11	
	Qty	Rupees	Qty	Rupees
16 PROFIT /(LOSS) FROM STOCKS TRADING				
Sales	1,000	72,506	12,801	2,314,177
+ Closing Stock	39,700	3,769,290	37,900	3,998,891
	40,700	3,841,796	50,701	6,313,068
- Opening Stock	37,900	3,998,891	30,400	3,527,689
- Purchase and Demat Charges	2,800	571,238	20,301	2,709,146
	40,700	4,570,129	50,701	6,236,835
Profit / (Loss) During the Year	-	(728,333)	-	76,234
17 PAYMENT TO AND PROVISION FOR EMPLOYEES				
a Staff Salaries, Wages and other benefits		1,884,531		1,784,837
b Directors Remuneration and other benefits		1,871,155		1,656,017
TOTAL		3,755,686		3,440,854
18 INTEREST AND FINANCE CHARGES				
a Bank Charges		985		8,276
b Interest -Bank		10,540		18,235
c Interest -Others		614		990
TOTAL		12,139		27,501
19 OTHER EXPENSES				
a) Power, Light and Fuel		10,263,879		8,367,123
b) Repairs to Plant and Machineries		356,176		375,898
c) Repairs to Factory Building		397,291		55,509
d) Repairs to Electric and others		147,035		112,060
e) Labour Charges		9,297,970		7,956,459
f) Factory Expenses		170,632		106,920
g) Laboratory Expenses		28,222		12,785
h) Ad Expenses		20,156		21,210
i) Audit Fees		35,000		35,000
j) Conveyance		10,123		11,163
k) Electricity		31,331		31,928
l) Government form filling fees		1,240		1,740
m) Insurance		33,742		38,972
n) Legal and Professional Fees		130,511		148,940
o) License and Marking Fees		22,165		4,520
p) Listing and Depository Fees		29,881		24,366
q) Miscellaneous Expenses		208,186		177,237
r) Communication Expenses		85,934		92,678
s) Printing and Stationery		53,188		50,080
t) Professional Tax		2,400		2,500
u) Rent, Rate and Taxes		13,298		17,218
v) Share Transfer Agent Charges		31,975		39,146
w) Vehicle Expenses		238,156		183,434
TOTAL		21,608,491		17,866,885

20 {A}METHOD OF ACCOUNTING :

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products Expenses are provided on mercantile system except cash system for Insurance Claims, Sales Tax Refund.

The Accounts have been prepared on historical cost basis of accounting. All expenses and income to the extent considered payable and receivable unless stated otherwise are accounted for on accrual basis. Accounting policies not specifically referred to are in consistent with generally accepted accounting practices.

{B}FIXED ASSETS:

Fixed Assets are stated at cost of acquisition or construction less Depreciation. All costs relating to the acquisition and installation of fixed assets are capitalised.

{C}DEPRECIATION:

Depreciation on Fixed Assets has been provided on straight line method as per rates specified in amended schedule XIV of the Companies Act, 1956 Vide Notification No GSR 758 (2) dated 16th December 1993 other than free hold land for full year.

{D}INVENTORIES:

Raw Materials & Furnace Oil is valued at cost. Stock of Shares of Trading activity is valued at cost or market value whichever is lower.

{E}INVESTMENT:

Unquoted Investments are stated at cost.

{F}GRATUITY:

Payment for present liability of future payment of gratuity is being made to approve Gratuity Funds which fully covers the same under cash accumulation scheme of the Life Insurance Corporation of India.

21 Previous year's figures have been regrouped / rearranged wherever necessary to make them comparable with current year's figures.

22 Provision made of Rs. 2,12,000 for Income Tax has been made from current year profit and Rs. 12,017 for deferred Tax has been added back in current year profit on the basis of claims and deductions as per Income Tax Act 1961.

23 RELATED PARTY DISCLOSURES UNDER ACCOUNTING STANDARD 18

RELATED PARTY

A) Associate Companies

Plaskon Private Limited

IND ASIA Funds Advisors Pvt. Ltd.

B) Chairman: Shri Pradip P. Shah

C) Vice chairman: Shri. Janak P. Shah

D) Directors Shri. Sushil P. Shah

Shri. Virendra P. Shah

Shri. Shrichand R. Kahar

Shri. Nirav J. Shah

RELATED PARTY TRANSCATIONS

A) Associate Companies - Nil -

B) Directors

	2011-2012	2010-2011
Payments/provision to Directors: (Remuneration & Perquisites)		
Shri Janak P. Shah	8,76,579	8,28,856
Shri S. R. Kahar	3,26,773	2,99,187
Shri Nirav J. Shah	6,67,803	5,27,974
Total	18,71,155	16,56,017

* Details of remuneration to Vice Chairman, Operations Director are disclosed in the notes to accounts.

* There are no write offs/write back of any amounts for any of the above-related party.

SHAH FOODS LTD.

24	Payments to Auditors:	2011-2012	2010-2011
		(Rupees)	(Rupees)
	For Audit Fees	20,732	20,732
	For Tax Audit Fees	8,000	8,000
	For Certification	3,000	3,000
	For Service Tax on Fees	3,268	3,268
	Total	35,000	35,000

- 25 Expenditure incurred on employees covered u/s 217(2A) of the companies act, 1956- Rs. NIL (Previous year Rs. NIL)
- 26 During the year under review, Britannia Industries Limited deducts TDS on job-work receipts on job charges including excise duty and hence TDS rate & job charges are not comparable.
- 27 Balance confirmations for debit/credit balances have been sought.
- 28 Additional information pursuant to para III and IV of part II of schedule VI of Companies Act, 1956 to the extent applicable. (As certified by the Directors)

(A) Installed Capacity:

Biscuits 9,000 M.T.

(B) Production:

Biscuits(Job) (M.T.) 5,306 5,223

(C) Job Charges Rs. 2,70,84,879 2,18,54,058

(D) Value of Imported and indigenous raw materials (including components) consumed and their percentage:

2011-2012	2010-2011
Rs.(lacs)%	Rs.(lacs)%

Stores & Spares:

Imported - - - -

Indigenous - - - -

- 29 Expenditure in foreign currency during the year on account of royalty, know-how, professional consultancy fees, interest and other matters Rs. Nil. (Previous years Rs. Nil).
- 30 C.I.F. Value of imports of raw materials, components and spares Rs. Nil. (Previous year Rs. Nil)
- 31 Earning in foreign exchange on account of export etc. Rs. Nil.
- 32 Remittance in foreign currency on account of dividend etc. Rs. NIL. (Previous year Nil)
- 33 In the opinion of Board of Directors, the current assets, loans & advances are approximately of the same value, if realised in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

Signatures to Note No. 1 to 33

By order of this Board:

For Dinesh R. Shah & Co.

Chartered Accountant

Pradip P. Shah Chairman

Janak P. Shah Vice Chairman

(Hiren D. Shah)
(Membership No. 47928)

Partner

Ahmedabad

Place : Ahmedabad

Date: 28-07-2012

Date: 28-07-2012

ATTENDANCE SLIP

SHAH FOODS LIMITED

Regd. Office : Kalol-Mehsana Highway, Post : Chhatral
Taluka Kalol, NORTH GUJARAT - 382 729
ANNUAL GENERAL MEETING

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL.
I/We hereby record my/our presence at the ANNUAL GENERAL MEETING held at Kalol-Mehsana Highway,
Post : Chhatral, Taluka Kalol, North Gujarat - 382 729 on Saturday, September 22, 2012 at 11.00 a.m.

.....
Name/s of the Shareholder/s or Proxy

.....
Regd. Folio No./ ID No.

.....
Signature/s of the Shareholder/s or Proxy

.....
TEAR HERE
.....

SHAH FOODS LIMITED

Regd. Office : Kalol-Mehsana Highway, Post : Chhatral
Taluka Kalol, NORTH GUJARAT - 382 729

I/We.....
of.....
being a member/members of SHAH FOODS LIMITED hereby appoint

.....
of..... or failing him.....
..... or failing him.....
..... as my/our proxy in my/our absense

to attend and vote for me/us on my/our behalf at the ANNUAL GENERAL MEETING of the Company to be held on
Saturday, September 22, 2012 and at any adjournment thereof.

Signed this day of 2012.

.....
Regd. Folio No./ ID No.

Signature.....

Affix a
Revenue
Stamp
Re.1/-

Note : The Proxy must be deposited at the Registered Office of the Company at Kalol-Mehsana Highway,
Post : Chhatral, Taluka Kalol, North Gujarat - 382 729 not less than 48 hours before the time fixed for holding
the meeting.

BOOK-POST

If undelivered please return to

SHAH FOODS LIMITED

Corporate Office :

"SARAYU"

16/1, Kalyan Society,

Mithakhali, Ellisbridge,

AHMEDABAD-380 006

