

ANNUAL REPORT

2015-2016



SHAH FOODS LIMITED

CIN-L15419GJ1982PLC005071

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

BOARD OF DIRECTORS

MR. JANAK P. SHAH	Vice-Chairman	DIN01880079
MR. NIRAV J. SHAH	Managing Director	DIN01880069
MR. PRADIP P. SHAH	Director	DIN00066242
MR. SUSHIL P. SHAH	Director	DIN02529990
MR. VIRENDRA P. SHAH	Director	DIN00643925
MRS. PUSHPA J. SHAH	Director	DIN07144650
MR. SHRICHAND R. KAHAR	Director Operations	DIN02538221

AUDITORS

DINESH R. SHAH & CO. (MEMBERSHIP NO: 047928)
Chartered Accountants

BANKERS

BANK OF BARODA
HDFC BANK LTD.

REGISTERED OFFICE & WORKS

CHHATRAL
KALOL-MEHSANA HIGHWAY
TALUKA KALOL, DISTRICT GANDHINAGAR
GUJARAT - 382 729.

Notice

Notice is hereby given that the Thirty fourth (34th) Annual General Meeting of the Company will be held at Chhatral, Kalol Mehsana Highway Road, Taluka-Kalol, Dist. Gandhinagar, Gujarat-382729 on Saturday, 24th September, 2016, at 11.00 am to transact the following business.

ORDINARY BUSINESS:

1. To receive consider & adopt the audited Statement of Profit & Loss Account for the financial year ended 31st March, 2016, the Balance Sheet as at that date and the Reports of the Directors & the Auditors thereon.
2. To appoint a Director in place of Shri Shrichand Rambriksh Kahar (DIN- 02538221), who retires by rotation and, being eligible, offers himself for reappointment.
3. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution

RESOLVED THAT pursuant to the provisions of section 139, 142 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, pursuant to the recommendations of the Audit Committee of the Board of Directors, and pursuant to the resolution passed by the members at the AGM held on 19th September, 2015, the appointment of M/s. Dinesh R. Shah & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 102610W) as the Statutory Auditors of the Company to hold office till the conclusion of this Annual General Meeting to be held in Calendar Year 2017, be and is hereby ratified and that the Board of Directors be and is hereby authorised to fix the remuneration be determined by the Audit Committee.

Special Business

4. Re-appointment of Mr. Janak Shah (DIN 00183473), as Whole-time Director of the Company.

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013 and Article 99 of Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Janak Shah, as Whole-time Director (designated as CFO) of the Company with effect from 1/10/2016 to 31/9/2019, as well as payment of salary and perquisites (hereinafter referred to as remuneration), upon the terms and conditions as detailed in the explanatory statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or agreement in such manner as may be agreed to between the Board of Directors and Mr. Janak Shah.

RESOLVED FURTHER THAT the remuneration payable to Mr. Janak Shah, shall not exceed the overall ceiling of the total managerial remuneration as provided under Schedule V read with Section 196 and 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.

Place: Ahmedabad

Date: 01/08/2016

Registered office:

Chhatral, Kalol-Mehsana Highway, Taluka- Kalol
Gandhinagar-382729

By order of the Board

Mr. Janak P Shah

Vice-Chairman

DIN: 01880079

SHAH FOODS LTD.

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Businesses to be transacted at the Annual General Meeting (AGM) is annexed hereto.
2. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a member of the company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable
3. The Register of Members and Share Transfer Books of the Company will remain closed from, Saturday 17th September, 2016, to Saturday, 24th September, 2016 (both days inclusive).
4. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013, will be available for inspection at the Annual General Meeting
5. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.
6. The Notice of Annual General Meeting, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of Annual General Meeting, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s).
7. Members who have received the Notice of Annual General Meeting, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the Annual General Meeting.
8. Pursuant to Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rule, 2014 as amended and clause 35B of the Equity Listing Agreement, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Cut-off date i.e. a date not earlier than seven days before the date of general meeting are entitled to vote on the Resolutions set forth in this Notice.

Members who have acquired shares after the dispatch of the Annual Report and before the Cut-off date may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means. A person who is not a member as on the Cut-off date should treat this notice for the information purpose only.

The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.
- I. In case of members receiving e-mail from CDSL (for Members whose e-mail addresses are registered with Company/ Depositories) :
 - i) The voting period begins on 21st. September, 2016 at 9.00am and ends on 23rd. September, 2016 at 5.00pm. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 19th September, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- ii) Log on to the e-voting website www.evotingindia.com
- iii) Click on “Shareholders” tab.
- iv) Now Enter your User ID
 - a) For CDSL: 16 digits beneficiary ID,
 - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vii) If you are a first time user follow the steps given below: Other Instructions

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders): Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker/mail) in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with serial number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

- viii) After entering these details appropriately, click on “SUBMIT” tab.
- ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in Demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

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- xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii) Shareholders can also cast their vote using CDSL's mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from App Store and the Windows Phone Store respectively on or after 30th. June, 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xix) Note for Non-individual shareholders and Custodians
 - Non-individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at www.evotingindia.com, under help section or write an e-mail to helpdesk.evoting@cdslindia.com.

In case of members receiving the physical copy:

- a) Please follow all steps from sl. no. (i) To sl. no. (xix) above to cast vote.
- b) The voting period begins on 21st. September, 2016 at 9.00am and ends on 23rd. September, 2016 at 5.00pm. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 17th September, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- c) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

II. Other Instructions:

- a) The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on 31st March, 2016.
- b) Mr. Ishan P. Shah, Advocate, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- c) The Scrutinizer shall immediately after the conclusion of voting after the Annual General Meeting, count the votes cast at the meeting, thereafter unblock the votes in the presence of at least two witnesses not in the employment of the company and make, not later than three days of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman of the Company. The chairman or person authorised by him in writing shall declare the results of the voting forthwith.

- d) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.shahfoodslimited.com and on the website of CDSL www.evotingindia.co immediately after the result is declared by the chairman.
- e) A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
- f) Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Big Share Services Pvt Ltd /Investor Service Department of the Company immediately.
- g) The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in physical form can submit their PAN details to M/s. Big Share Services Pvt Ltd / Investor Service Department of the Company.
- h) Members desiring any information relating to the accounts are requested to write to the Company at least seven days in advance so as to enable the management to keep the information ready.

Place: Ahmedabad
Date: 01/08/2016

Registered Office:
Chhatral, Kalol-Mehsana Highway Road,
Taluka-Kalol, Dist. Gandhinagar.
Gujarat-382729

By Order of the Board

Mr. Janak P shah
Vice Chairman
DIN: 01880079

SHAH FOODS LTD.

Explanatory Statements

Pursuant to section 102 of the Companies Act, 2013.

The following Explanatory Statement sets out all material facts relating to the business mentioned under Item No 2 to 4 of the accompanying Notice:

ITEM NO 2

Details of Director Retiring by Rotation and Seeking Re-Appointment under Clause 17 of SEBI (LODR) Regulations, 2015

Name of Director	Shrichand Rambriksh Kahar
Date of Birth	15/07/1960
Date of Appointment	01/10/1997
Qualification	Graduate
Expertise	In specific Functional areas wide Business experience across variety of industries
Chairman/ Director of other Companies	None*
Chairman/ Member of Committees of Companies	Chairman – Nil Member – Nil
No of shares held in the Company	200

***Note :** The Directorship held by director mentioned above do not include directorship of Private Limited Company.

ITEM NO. 3

This explanatory statement is provided though strictly not required as per Section 102 of the Act. M/s Dinesh R Shah & Co., Chartered Accountants, Ahmedabad (Firm Registration No 102610W), were appointed as the statutory auditors of the Company for a period of three years at the Annual General Meeting (AGM) of the Company held on 19/09/2015, to hold office till the conclusion of the AGM to be held in the Calendar Year 2018. As per provisions of Section 139(1) of the Act, their appointment for the above tenure is subject to ratification by members at every AGM. Accordingly, ratification of the members is being sought for appointment of statutory auditors as per the proposal contained in the Resolution set out at item no. 3 of the Notice.

The Board commends the Resolution for approval by the Members. None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs is concerned or interested in the Resolution at Item No. 3 of the accompanying Notice.

ITEM NO. 4

Mr. Janak Shah, who was appointed Whole Time Director by the members to hold office upto 30/09/2019 will attain the age of 70 years on 11/11/2016 and hence continuation of his employment as Whole Time Director requires the approval of members by way of a special resolution. Section 196 (3) of the Companies Act, 2013, inter alia, provides that no company shall continue the employment of a person who has attained the age of 70 years, as Managing Director, Whole time director or Manager unless it is approved by the members by passing a special resolution. Part 1 of Schedule V to the Act contains a similar relaxation.

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company passed a resolution on 01/08/2016 approving re-appointment of Mr. Janak Shah, as Whole Time Director (designated as "CFO") of the Company for a further period of three years with effect from 1/10/2016 to 30/09/2019. This is subject to

the approval of the shareholders at this Annual General Meeting. This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013. The details of remuneration payable to Mr. Janak Shah and the terms and conditions of the re-appointment are given below:

- i. Salary: 7,08,000/- per annum which is eligible for revision on a date to be determined by the Nomination & Remuneration Committee.
- ii. Perquisites: The Whole Time Director shall be entitled to all the perquisites listed herein below in addition to the salary mentioned above and the perquisites shall be valued as per the Income Tax Rules, 1962, as may be applicable.;
 - a) Leave Travel Concession: For self and family every year incurred in accordance with the rules of the Company.
 - b) Use of Car with Driver: The Company shall provide a car with driver for business use. In addition, the Company shall also reimburse running and maintenance expenses of another car owned by, or leased/ rented for business use.
 - c) Telephone facility at residence: Telephone facility shall be provided at the residence. All personal long distance calls shall be billed by the Company.

Other terms and conditions:

In the event of absence or inadequacy of profits in any financial year during the tenure of the Chairman, salary and perquisites subject to the limits stipulated under Schedule V read with Section 196 and 197 of the Companies Act, 2013, are payable.

No sitting fees shall be paid for attending the meetings of the Board of Directors or Committees thereof. He shall be liable to retire by rotation. All other existing terms and conditions for the re-appointment shall remain unchanged.

The Board of Directors recommends the resolution in relation to the re-appointment of Whole Time Director, for the approval of the shareholders of the Company. Notice has been received from members signifying their intention to propose appointment of Mr. Janak Shah as Whole Time Director of the Company along with a deposit of Rs. 1,00,000. Except Mr. Janak Shah, Mrs Pushpa Shah and Mr. Nirav Shah or their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in this resolution set out at Item No. 4.

The disclosure under Clause 17 of the SEBI (LODR), Regulations, 2015, is provided at below.

Name of Director	Janak Shah
Date of Birth	11/11/1946
Date of Appointment	07/06/1988
Qualification	B.E. Civil
Expertise	Finance & General Administration
Chairman/ Director of other Companies	Hellious Greentech P. Ltd.
Chairman/ Member of Committees of Companies	Chairman – Nil Member –1
No of shares held in the Company	36,080

Place: Ahmedabad
Date: 01/08/2016

By order of the Board

Registered office
Chhatral, Kalol-Mehsana Highway,
Taluka - Kalol, Gandhinagar- 382729

Mr. Janak P shah
Vice Chairman
DIN: 01880079

SHAH FOODS LTD.

Director's Report

To
The Members of
Shah Foods Limited

Your Directors have pleasure in presenting the 34th Director's Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your company for the financial year ended, 31st March, 2016.

The summary of operating results for the year is given below.

FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

Particulars	Current year	Previous Year
Sales	505.77	471.44
Other Income	6.40	6.27
Total Income	512.18	477.71
Depreciation	11.85	9.11
TaxCurrent Tax	8.73	5.80
Deferred Tax	0.35	0.03
Profit/(Loss) after Tax	20.62	13.36
Earnings per share (Rs.) :		
Basic	3.45	2.24
Diluted	3.45	2.24

STATE OF COMPANY'S AFFAIRS

During the year under review, the total Income of the Company was Rs 512.18 Lakh against Rs 477.71 Lakh in the previous year. The Company has earned a Profit after tax of Rs 20.62 Lakh compared to Rs 13.36 Lakh in the previous year. Your Directors are continuously looking for avenues for future growth of the Company.

TRANSFER TO RESERVES

There is no proposal to transfer any amount to any reserve.

MANAGEMENT DISCUSSION & ANALYSIS

A detailed report on the management discussion and analysis is provided as a separate section in this Annual Report.

MATERIAL CHANGES BETWEEN THE DATE OF THE BOARD REPORT AND END OF FINANCIAL YEAR

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

No company has become or ceased to be Subsidiary Company, Joint Venture Company or Associate Company during the year.

CHANGE IN THE NATURE OF BUSINESS

There is no change in the nature of the business of the company.

MEETINGS OF THE BOARD OF DIRECTORS

Information is provided under clause 2 (B) of the Corporate Governance Report.

CORPORATE GOVERNANCE

as provided under Regulation 15(2) of the SEBI (LODR) Regulations, 2015, the compliance with Corporate Governance as specified in Regulation 17 to 27, 46(2)(b) to (i) & para c, d & e of Schedule V are not applicable to the Company as paid up share capital doesn't exceed Rs. 10 Crore.

The Company is committed to maintain and adhere to the Corporate Governance requirements set out by SEBI. The Report on Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and rules made thereunder is enclosed. The Requisite Certificate from Mr. Pinakin Shah, Practicing Company Secretary, Ahmedabad as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this Report.

DIVIDEND

In order to conserve resources for the growth requirements of the business, the Directors have not recommended any dividend for the financial year 2015-16.

DEPOSITS

Your Company has not accepted any fixed deposits during the year under review.

RISK MANAGEMENT

There is an adequate risk management infrastructure in place capable of addressing risks that the organization faces such as strategic, financial, market, property, IT, legal, regulatory, reputational and other risks those have been identified and assessed.

DIRECTORS & KEY MANAGERIAL PERSON

Shri Shrichand Rambriksh Kahar, Director retires by rotation and being eligible offers himself for reappointment. Pursuant to Regulation 17 of the SEBI (LODR) Regulations, 2015, Details of Director retiring by rotation and proposed for re-appointment as Managing Director is provided under explanatory statement of the Notice of the 34th Annual General Meeting. Shri Janak Shah, Whole Time Director who will attain the age of 70 years on 11/11/2016, is recommended for appointment by way of a special resolution of the members. The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors.

AUDITORS

At the Annual General Meeting held on 19/09/2015, M/s Dinesh R. Shah & Co, Chartered Accountants, Ahmedabad were appointed as the Statutory Auditors of the Company to hold office till the conclusion of the 34th Annual General Meeting to be held in the calendar year **2017**. In terms of the first proviso to Section 139 of the Companies Act 2013, the appointment of the Auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s Dinesh R. Shah & Co, Chartered Accountants, as statutory auditors of the Company, is placed for ratification by the shareholders. In this regard, The Company has received a certificate from the Auditors to the effect that if they are ratified, it would be in accordance with the provisions of section 141 of the Companies Act 2013.

AUDITORS' REPORT

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

SHAH FOODS LTD.

SECRETARIAL AUDITOR

M/s Pinakin Shah & Co, Practising Company Secretary has been appointed as the secretarial Auditor of the Company for the financial year 2016-17 as required under Section 204 of the Companies Act 2013 and Rules thereunder. The Secretarial Audit Report for the financial year ended March 31, 2016 is annexed herewith marked as **Annexure 3** to this Report. The Secretarial Audit Report contains certain adverse remarks which are dealt with as under:

Sr.	Remarks	Explanation
1.	Non Compliance of section 204 of Companies Act, 2013	No Company Secretary likes to join Small Scale Industry (SSI) Company.
2.	Non Compliance of Section 138 of the Companies Act, 2013	The Company has Internal Auditor commensurate with the size of the Company.
3.	Non Compliance of Section 149(4) of the Companies Act, 2013	Our Company falls in the category of Small Company and it is our endeavor to appoint Independent director as early as possible.
4.	Non Compliance Schedule IV of the Companies Act, 2013	As there is one Independent Director there was no separate meeting of Independent Director was held.
5.	Non Compliance Regulation 17 of SEBI (LODR) Regulations, 2015	Our Company doesn't have prescribed composition of Board due to lack of Independent Directors.
6.	Non Compliance Regulation 18 of SEBI (LODR) Regulations, 2015	The company has constituted Audit Committee with two Non – Executive Directors.
7.	Non Compliance Regulation 19 of SEBI (LODR) Regulations, 2015	The company has constituted Nomination & Remuneration Committee with two Non – Executive Directors.
8.	Non Compliance Regulation 46 of SEBI (LODR) Regulations, 2015	The website was not updated at the time of Secretarial Audit.
9.	Non Compliance Regulation 47 of SEBI (LODR) Regulations, 2015	Notice convening the Board Meetings were sent to BSE as per SEBI 9LODR0 Regulations, 2015.

COMMITTEES OF THE BOARD

The Committees of the Board is provided under Clause 3 of the Corporate Governance Report.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

The Company has not given any loan, made any investment or given any guarantee hence information is nil.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 (3)(c) of the Companies Act, 2013, the Board of Directors hereby confirms that,

- I. In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
- II. It has in the selection of the accounting policies, consulted the Statutory Auditors and has 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 as at 31st March, 2016 and of the profits of the company for that period.

- III. It has 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, to the best of its knowledge and ability. There are however, inherent limitations, which should be recognized while relying on any system of internal control and records.
- IV. It has prepared the annual accounts on a going concern basis.
- V. The Directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operation efficiently.
- VI. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EXTRACT OF ANNUAL RETURN

Extract of Annual Return of the Company is annexed herewith as Annexure VI to this Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) & 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as **Annexure 1** to this report.

INSURANCE

All Inventories including Buildings, Machinery etc., is adequately insured.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

There were no Related Party Transactions entered by the Company.

DECLARATION BY INDEPENDENT DIRECTORS

The Board of Directors of the Company hereby confirms that all the Independent directors duly appointed by the Company have given the declaration and they meets the criteria of independence as provided under section 149(6) of the Companies Act, 2013.

FAMILIARIZATION PROGRAMME

Since all independent directors are associated with the company for more than 5 (years), the company has not conducted familiarization programme for independent director.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a Vigil Mechanism / Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The Policy has a systematic mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or policy.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION**A. Conservation of Energy**

The Company has not made any investment for (energy conservation) and taken any specific measures to reduce energy cost per unit. However, it intends to conserve energy for future generation.

B. Technology absorption

There is no research and development activity carried out by the Company.

FOREIGN EXCHANGE EARNINGS AND OUT GO

There were no foreign exchange earnings and outgo during the year under review.

EQUITY CAPITAL**a) BUY BACK OF SECURITIES**

The Company has not bought back any of its securities during the year under review.

SHAH FOODS LTD.

b) **SWEAT EQUITY**

The Company has not issued any Sweat Equity Shares during the year under review.

c) **BONUS SHARES**

No Bonus Shares were issued during the year under review.

d) **EMPLOYEES STOCK OPTION PLAN**

The Company has not provided any Stock Option Scheme to the employees.

e) **EQUITY SHARES WITH DIFFERENTIAL RIGHTS**

The company has not issued equity shares with differential rights as to dividend, voting or otherwise.

SHARES IN SUSPENSE ACCOUNT

- Aggregate number of shareholders and the outstanding shares in the Suspense Account lying at the beginning of the year: NIL
- Number of shareholders who approached issuer for transfer of shares from Suspense Account during the year: Not Applicable
- Number of shareholders to whom, shares were transferred from Suspense Account during the year: Not Applicable
- Aggregate number of shareholders and the outstanding shares in the Suspense Account lying at the end of the year: NIL
- That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares: Not Applicable

SHARES IN UNCLAIMED SUSPENSE ACCOUNT

- Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account lying at the beginning of the year: NIL
- Number of shareholders who approached issuer for transfer of shares from the Unclaimed Suspense Account during the year: Not Applicable
- Number of shareholders to whom, shares were transferred from the Unclaimed Suspense Account during the year: Not Applicable
- Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account lying at the end of the year: NIL

ANY SIGNIFICANT AND MATERIAL ORDER PASSED BY REGULATORS OR COURTS OR TRIBUNALS

No orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operation in future.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

There were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ACKNOWLEDGEMENT

Your Directors wish to express the continued co-operation received from all the Stakeholders.

Place: Ahmedabad

Date: 01/08/2016

Registered office:

Chhatral, Kalol-Mehsana Highway,

Taluka - Kalol, Gandhinagar- 382729

By order of the Board

Mr. Janak P shah

Vice Chairman

DIN: 01880079

Annexure-1

A. PARTICULARS OF REMUNERATION FOR THE FINANCIAL YEAR 2015-16.

As required under Rule 5(1) of the Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014:

i. The ratio of the remuneration of each director to the median remuneration of the employees

Name of Director	Designation	Remuneration of the Directors for 2015-16(Rs.in lacs)	Median Remuneration of the employees (Rs, in lacs)	Ratio of Remuneration of the directors to the median Remuneration of employees
Janak Shah	Whole Time Director	15.29	0.78	19.60:1
Nirav Shah	Managing Director	15.38	0.78	19.72:1
Shrichand Kahar	Director Operations	5.65	0.78	7.24:1

ii. The percentage increase in remuneration of each Director

Name of Director	Designation	Remuneration paid during 2015-16	Remuneration paid during 2014-15	% Increase in remuneration
Janak Shah	Whole Time Director	15.29	10.13	1.51
Nirav Shah	Managing Director	15.38	10.61	1.45
Shrichand Kahar	Director Operations	5.65	4.01	1.41

iii. The percentage increase in the median remuneration of employees in the financial year 2015-16: 1.44%**iv. No. of Permanent employees on the rolls of Company as on 31st March, 2016 – 11 Employees****v. Average percentile increase in the salaries of employees its comparison with the percentile increase in the managerial remuneration**

Average KMP Salary Increase: , while Average Employees Salary Increase: __

justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

vi. Company confirms that the remuneration is as per remuneration policy of the Company.

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B. PARTICULARS OF EMPLOYEE

Information in terms Rule 5(2) of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014:

i. Particulars of top five Employee in terms of remuneration drawn

Name & Designation of Employee	Remuneration received (Rs. in lacs)	Nature of Employment	Qualification	Experience	Date of commencement of employment	Age	No. of Equity Shares
Pradip R Shah	1.91	Permanent	B.Com	31 years	01/08/1984	56	100
Kamlesh Joshi	1.33	Permanent	B.Sc	23 years	01/09/1992	48	0
Jayesh Joshi	1.26	Permanent	B.Com	21 years	01/01/1994	53	0
Iqbal Saiyad	1.14	Permanent	SSC	23 years	29/05/1992	51	0
Pravin Makwana	1.04	Permanent	B.Com	22 years	01/12/1993	46	0

ii. 'Employees who are employed throughout the year and in receipt of remuneration aggregating Rs. 1,02,00,000/- or more per year: Nil

iii. Employees who are employed part of the year and in receipt of remuneration aggregating Rs. 8,50,000/- per month: Nil

Annexure – 2

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L15419GJ1982PLC005071
2.	Registration Date	18/03/1982
3.	Name of the Company	SHAH FOODS LIMITED
4.	Category/Sub-category of the Company	Company Limited by Shares Indian Non-Government Company
5.	Address of the Registered office & contact details	CHHATRAL, KALOL-MEHSANA HIGHWAY,, TALUKA KALOL, GANDHINAGAR - 382729 Gujarat Tel. 079-26448371 FAX- 079-26420273 Email-shahfood.ahmedabad@gmail.com
6.	Whether listed company	YES
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	BIGSHARE SERVICES PRIVATE LIMITED Address: E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka, Andheri (E), Mumbai – 400 072 Email-info@bigshareonline.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Biscuits	190530.03	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - NIL

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IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A). Category wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	257050	200	257250	43.05	241950	200	242150	41.58	-1.47
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any Other....									
Sub-total (A) (1):-	257050	200	257250	43.05	241950	200	242150	41.58	-1.47
(2) Foreign									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
Sub-total (A) (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	257050	200	257250	43.05	241950	200	242150	41.58	-1.47
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	181896	98415	280311	46.91	181896	98415	280311	48.13	1.22
ii) Individual “ shareholders holding nominal share capital in excess of Rs 1 lakh	27792	0	27792	4.65	27792	0	27792	4.77	0.12
c) Others (specify)	30947	1200	32147	5.38	30947	1200	32147	5.52	0.14
Sub-total (B)(2):-	240635	99615	340250	56.95	240635	99615	340250	58.42	1.47
Total Public Shareholding (B)= (B)(1)+(B)(2)	240635	99615	340250	56.95	240635	99615	340250	58.42	1.47
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	497685	99815	597500	100.00	482585	99815	582400	100.00	0.00

B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	PRADIP P SHAH	67955	11.37		67955	11.37		0.00
2	JANAK PANALAL SHAH	36080	6.04		36080	6.04		0.00
3	VIRENDRA P SHAH	29800	4.99		29800	4.99		0.00
4	SUSHIL PANALAL SHAH	26550	4.44		26550	4.44		0.00
5	SUDHA SHAH	24000	4.02		24000	4.02		0.00
6	KALPANA V SHAH	11000	1.84		11000	1.84		0.00
7	NIRAV JANAK SHAH	18765	3.14		18765	3.14		0.00
8	DR.PUSHPA JANAK SHAH	8100	1.36		8100	1.36		0.00
9	NEHA KUNAL VIN	7900	1.32		7900	1.32		0.00
10	BIMAL V SHAH	5500	0.92		5500	0.92		0.00
11	PRADIP PANALAL SHAH	4500	0.75		4500	0.75		0.00
12	CHETAN SUSHIL SHAH	4500	0.75		4500	0.75		0.00
13	SUSHIL PANALAL SHAH	3000	0.50		3000	0.50		0.00
14	JANAK PANALAL SHAH	3000	0.50		3000	0.50		0.00
15	NAYANA SUSHIL SHAH	300	0.05		300	0.05		0.00
16	SHRICHAND R. KAHAR	200	0.03		200	0.03		0.00
17	KARAN PRADIP SHAH	6100	1.02		6100	1.02		0.00

C) Change in Promoters' Shareholding: Nil

D) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs)

SN	Name	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	PREM CHAND GUPTA	PUBLIC	24000	4.02	24000	4.02
2	PRADEEP PORWAL	PUBLIC	15000	2.51	16895	2.83
3	MURTAZAJAFFERALISEVWALA	PUBLIC	0	0	12000	2.01
4	VORA CONSTRUCTIONS LIMITED	PUBLIC	0	0	9250	1.55
5	SUMAN PRAKASH SHAH	PUBLIC	7295	1.22	7295	1.22
6	N. PRAKASH KUMAR	PUBLIC	6810	1.14	6810	1.14
7	HASUMATI ARVIND SHAH	PUBLIC	6400	1.07	6400	1.07
8	SWASTIKA INVESTMART LIMITED	PUBLIC	6250	1.05	6250	1.05
9	VIJAY KANTILAL SHETH	PUBLIC	6100	1.02	6100	1.02
10	KUNJBALA S SHAH	PUBLIC	5600	0.94	5600	0.94

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E) Shareholding of Directors and Key Managerial Personnel:

SN	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	VIRENDRA SHAH	29800	4.99	29800	4.99
2	NIRAV JANAK SHAH	10765	1.80	18765	3.14
3	JANAK PANALAL SHAH	36080	6.04	36080	6.04
4	SUSHIL PANALAL SHAH	26550	4.44	26550	4.44
5	SHRICHAND RAMBRIKSH KAHAR	200	0.03	200	0.03
6	PUSHPA JANAK SHAH	8100	1.36	8100	1.36

V) INDEBTEDNESS- NIL

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager/ Directors

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
1.	Gross Salary	Janak Shah Whole Time Director	Shrichand Kahar Managing Director	Nirav Shah Managing Director	00000
	a) Salary as per provisions contained in Section 17(1) of the Income-tax, Act, 1961	15,29,623	5,65,760	15,38,488	36,33,871
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-	-
	c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
5.	Total	15,29,623	5,65,760	15,38,488	36,33,871

B. Remuneration to other Directors:

C. Remuneration to key managerial personnel other than MD/ Manager/ WTD:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
1.	Gross Salary	CFO* Janak Shah	CEO* Nirav Shah	-
	a) Salary as per provisions contained in Section 17(1) of the Income-tax, Act, 1961	-	-	-
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
5.	Total	-	-	-

* Shri Janak Shah is a Whole Time Director and CFO of the Company and Shri Nirav Shah is a Managing Director & CEO of the Company, so the details of their remuneration have already been given under clause A-Remuneration to Managing Director, Whole Time Director etc.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES :

There were no material penalties/punishment/compounding of offences for the year ended on 31st. march, 2016.

Certificate Pursuant To Regulation 27(2)(a) of The SEBI (LODR) Regulations, 2015

We, Shri Janak Shah, Whole-Time Director & CFO and Shri Nirav Shah, Managing Director & CEO do hereby certify to the Board that:

- a) We have reviewed the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss Account, the Cash Flow Statement for the year ended on that date and that to the best of our knowledge and belief:
 - i. The said statements do not contain any false, misleading or materially untrue statements or figures or omit any material fact, which may make the statements or figures contained therein misleading;
 - ii. The said statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
 - i. Significant changes in internal control over financial reporting during the year, if any;
 - ii. significant changes in accounting policies during the year if any and that the same have been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Shah Foods Limited

Shri Janak Shah & CFO
DIN: 01880079

Shri Nirav Shah & CEO
DIN: 01880069

Place: Ahmedabad
Date: 01/08/2016

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2016

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014)

To,
The Members,
Shah Foods Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Shah Foods Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March, 2016 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (up to 14th May, 2015)
The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective from 15th May, 2015);
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – not applicable;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

Based on our verification, we have observed that the SEBI Regulations mentioned at (c), (d), (e), (g) and (h) are not applicable to the Company during the year as it has not:

- i. Issued further Share Capital;

- ii. Listed Debt Capital;
 - iii. Proposed to Delist its Equity Shares;
 - iv. Proposed to Buy Back any of its Securities.
6. Specifically applicable Laws to the Company, as identified and confirmed by the Management
- i. The Food Safety & Standards Act, 2006 and Rules 2011 with allied Rules & Regulations;
 - ii. Legal Metrology Act, 2009 & Rules 2011;
 - iii. Factories Act, 1948;
 - iv. Food Adulteration Act, 1954;
 - v. Standard Weights & Measures Act, 1985;
 - vi. Essential Commodities Act, 1955
7. Labor Laws applicable to the Employees of the Company:
- i. Provident Fund Act, 1952;
 - ii. Employees State Insurance Act, 1948;
 - iii. Profession Tax Act, 1975;
 - iv. The Payment of Gratuity Act, 1972

We have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors (SS 1) and General Meeting (SS 2).
- b) Clauses of Listing Agreements (applicable till November 30, 2015) entered into by the Company with BSE Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective from December 01, 2015).

We further report that:

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines etc mentioned above except the following:

Under the Companies Act, 2013

Sections under the Companies Act, 2013

Section 204

Section 138

Non Compliances

The Company doesn't have a whole time Company Secretary.

The Company doesn't have an Internal Auditor.

Under Listing Agreement/ SEBI (LODR) Regulations, 2015

Regulations under SEBI (LODR) Regulations, 2015

Regulation 17 – Board of Directors of Directors.

Regulation 18 – Audit Committee

Regulation 19 – Nomination & Remuneration Committee

Regulation 46 – Website

Regulation – 47 Advertisement

Non Compliances

The Company doesn't have prescribed composition of Board

Doesn't have minimum Independent Directors as Members.

Doesn't have minimum Independent Directors as Members.

Company's Website is non functioning, not updated regularly.

Newspaper Advertisement on approval of quarterly results by Board.

SHAH FOODS LTD.

We further report that:

Compliances of applicable Financial Laws including, Direct & Indirect Tax Laws by the Company has not reviewed in this Audit Report; since the same has been subject to reviewed by the Statutory Auditor & other Designated Professionals.

We further report that:

·The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

·Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

·Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that :

Based on our review of Compliance Mechanism established by the Company and on the basis of Compliance Certificate(s) issued by the Managing Director and taken on record by the Board of Directors at their meeting(s), we are of opinion that, there are adequate systems and processes in place in the Company, which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

As informed the Company has responded appropriately to the notices received from various statutory/regulatory authorities including initiating action for corrective measures, wherever focused necessary.

We further report that:

During the audit period there are no events/actions having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines etc referred above.

Date: 01/08/2016
Place: Ahmedabad

Pinakin Shah & Co.
Company Secretaries

Pinakin Shah
Proprietor
FCS: 2562; COP: 2932

To,
The Members,
Shah Foods Limited

Our report of even date is to be read along with this letter.

Management Responsibility :

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

Auditors Responsibility :

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company or verified compliances of Laws other than those mentioned above. Wherever required, we have obtained the management representation about the Compliance of laws, rules and regulations and happening of events etc.
4. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

Disclaimer :

5. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company

Date: 01/08/2016
Place: Ahmedabad

Pinakin Shah & Co.
Company Secretaries,

Pinakin Shah
Proprietor
FCS: 2562; COP: 2932

SHAH FOODS LTD.

CORPORATE GOVERNANCE REPORT

This section on Corporate Governance forms part of the Annual Report to the shareholders. It is not mandatory to give this report in terms of Regulation 15(2) of the SEBI (LODR) Regulations, 2015.

1. **COMPANY'S PHILOSOPHY & CODE OF GOVERNANCE**

The Company believes in conducting its affairs in a fair & transparent manner and maintaining the good ethical standards in its dealing with all its constituents.

CODE OF CONDUCT AND ETHICS

The Board of Directors has amended the Code of Conduct and Ethics to align with the provisions of the Companies Act, 2013. The confirmation from the Managing Director & CEO regarding compliance with the code by all the Directors and Senior Management forms part of the Report. The Code of Conduct and Ethics is displayed on the website of the Company (www.shahfoods.com).

CEO / CFO CERTIFICATION

Shri Nirav Shah, Managing Director & CEO and Shri Janak Shah, Whole Time Director & CFO have issued certificate pursuant to the provisions of Regulation 27(2) of the SEBI (LODR) Regulations, 2015 certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

2. **BOARD OF DIRECTORS :**

A. COMPOSITION OF THE BOARD OF DIRECTORS

The Company is fully compliant with the Corporate Governance norms in terms of constitution of the Board of Directors ("the Board"). The Board acts with autonomy and independence in exercising its strategic supervision, discharging its fiduciary responsibilities and ensuring that the management observes the highest standards of ethics, transparency and disclosure. Every member of the Board, including the Non-Executive Directors, has full access to any information related to the Company.

As on March 31, 2016, the strength of the Board was Six Directors comprising of One Whole Time Director, Two Executive Directors and Three Non-Executive directors of which Three are Independent Directors who are free from any business or other relationship that could materially influence their judgment of which One is Woman Director who is appointed in terms of the provisions of Section 149 of the Companies Act, 2013 and Regulation 27(2) of the SEBI (LODR) Regulations, 2015.

Details of Directors as on March 31, 2016 and their attendance at the Board meetings and Annual General Meeting ("AGM") during the financial year ended March 31, 2016 are given below:

Directors	Category	Attendance Particulars			Other Committee Membership	
		Board Meeting	Last AGM	Other Directorship	Member	Chairman
Shri Virendra Shah	ID	4	Yes	0	Nil	3
Shri Nirav Janak Shah	MD	4	Yes	0	Nil	Nil
Shri Janak Panalal Shah	WTD	4	Yes	0	1	Nil
Shri Sushil Panalal Shah	D	4	Yes	0	2	Nil
Smt Shrichand Rambriksh Kahar	DO	4	Yes	0	Nil	Nil
Shri Pushpa Janak Shah*	D	4	No	0	2	Nil

D= Director ID= Independent Director WTD= Whole time director

The above composition doesn't meet the requirement of Regulation 17 of the SEBI (LODR) Regulations, 2015.

B. BOARD MEETINGS

The gap between two Board meetings did not exceed four months. The schedule of Board/Committee meetings are communicated in advance to the directors/committee members to enable them to plan their schedules and to ensure their meaningful participation in the meetings. The Board met four times in financial year details of which are summarized as below:

S No.	Date of Meeting	Board Strength	No. of Directors Present
1	28/05/2015	6	6
2	01/08/2015	6	6
3	30/10/2015	6	6
4	06/02/2016	6	6

In addition independent directors met exclusively in the last quarter of the financial year i.e. on 30/10/2015.

3. COMPOSITION OF COMMITTEES**A. AUDIT COMMITTEE**

All Members of the Audit Committee have accounting and financial management expertise. The Chairman of the Committee attended the AGM held on 19th. September, 2015 to answer the shareholders' queries. The role of Audit Committee, the powers exercised by it pursuant to the terms of reference, and the information reviewed by it are in accordance with the requirements as specified in the Regulation 18 of SEBI (LODR) Regulations, 2015, Companies Act, 2013 and other applicable laws, if any. Apart from the above, the Audit Committee also exercises the role and powers entrusted upon it by the Board of Directors from time to time.

The Chairman and Whole-time Director and Statutory Auditors are the invitees to the Audit Committee meetings. During the period under review, the Audit Committee met four times on 28/05/2015, 31/07/2015, 30/10/2015 and 10/02/2016 and was attended by all members.

The Audit Committee comprises following members:

Name	Designation	No of meetings attended
Shri Virendra Shah	Chairman	4
Shri Sushil P Shah	Member	4
Shri Pushpa J Shah	Member	4

The above composition doesn't meet the requirement of Regulation 18 of the SEBI (LODR) Regulations, 2015.

B. NOMINATION AND REMUNERATION COMMITTEE

The roles and responsibilities of the Committee are in accordance with the requirements as specified in the Regulation 19 of SEBI (LODR) Regulations, 2015, Companies Act, 2013 and other applicable laws, if any. Apart from the above, the Committee also exercises the role and powers entrusted upon it by the Board of Directors from time to time.

The Constitution of the Nomination and Remuneration Committee during the financial year ended March 31, 2015 is given below:

Name	Position	Category
Shri Virendra Shah	Chairman	Independent Director
Shri Sushil P Shah	Member	Non – Executive Director
Shri Pushpa J Shah	Member	Non – Executive Director

The above composition doesn't meet the requirement of Regulation 19 of the SEBI (LODR) Regulations, 2015.

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Remuneration to Directors

a. The whole time Directors get salary and perquisites. Remuneration paid for the year ended 31st March, 2016 was as under.

Name of the director	Period of appointment	Remuneration
Shri Janak Shah	Five years with effect from 01/10/2015	15,29,623
Shri Shrichand Kahar	Five years with effect from 01/07/2012	5,65,760
Shri Nirav Shah	Five years with effect from 01/07/2012	15,38,488
TOTAL		36,33,871

b. The criteria for making payments to the Whole time Directors are:

Salary, as recommended by the Nomination and Remuneration Committee and approved by the Board and the shareholders of the Company. Perquisites, retirement benefits and performance pay are also paid/ provided in accordance with the Company's compensation policies, as applicable to all employees and the relevant legal provisions.

Remuneration is determined keeping in view the industry benchmarks.

c. The Non-Executive Directors are not paid sitting fees for attending the meetings of the Board and Committees.

Details of sitting fees and shares held by Non-Executive Directors are as under:

The sitting fees paid to the Directors is given below:

Name of the director	Sitting fees paid
Shri Virendra Shah	Nil

C. STAKEHOLDER RELATIONSHIP COMMITTEE

The terms of reference of the Committee include reviewing and redressing complaints from shareholders such as non-receipt of annual report, transfer of shares, issue of duplicate share certificates, etc.; to oversee and review all matters connected with transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of securities; to oversee the performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services; and to perform any other function, duty as stipulated by the Companies Act, Securities & Exchange Board of India, BSE and any other regulatory authority or under any applicable laws, as amended from time to time.

Committee met four times during FY 2015-16 i.e. 28/05/2015, 01/08/2015, 30/10/2015 and 06/02/2016.

The Composition of the Stakeholders Relationship Committee and details of Members participation at the Meetings of the Committee are as under:

Name	Position	No. of meetings attended
Shri Virendra Shah	Chairman	4
Shri Janak P Shah	Member	4

In addition, Details of Shareholders' Complaints received during the year are as follows:

Particulars	No. of Complaints
Investor complaints pending as at April 1, 2015	0
Investor complaints received during the year ended on March 31, 2016	0
Investor complaints resolved during the year ended March 31, 2016	0
Investor complaints pending as on March 31, 2016	0

Share transfer committee

The Stakeholder relationship committee has delegated power of approving transfer of securities to Shri Janak Shah and Shri Virendra Shah. The Committee, inter alia, reviews and approves the transfer/ transmission/ D-mat of equity shares as submitted by Big Share Services Private Limited., the Registrar & Transfer Agent of the Company. There is no physical transfer during the year.

4. SPECIAL RESOLUTIONS PASSED AT THE LAST 3 ANNUAL GENERAL MEETINGS

Year	Venue of AGM	Date & Time	No of special resolution passed
2012-13	Chhatral, Kalol-Mehsana Highway, Taluka Kalol Gandhinagar-382729.	Tuesday, 21/09/2013 at 11.00 a.m.	Nil
2013-14	Chhatral, Kalol-Mehsana Highway, Taluka Kalol Gandhinagar-382729.	Tuesday, 20/09/2014 At 11.00 a.m.	Nil
2014-15	Chhatral, Kalol-Mehsana Highway, Taluka Kalol Gandhinagar-382729.	Monday, 19/09/2015 At 11.00 a.m.	Nil

5. DISCLOSURE ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no related party transactions made by the Company.

6. STRICTURES AND PENALTIES

The Company has complied with requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years and they have not imposed any penalties on, or passed any strictures against the Company.

7. MEANS OF COMMUNICATION

Quarterly and Annual Financial Results of the Company were submitted to the Stock Exchanges immediately after the Board approves them. Thereafter, the same were published in Western Times English and Gujarati Ahmedabad editions. Disclosures pursuant to various clauses of the Listing Agreement were promptly communicated to Bombay Stock Exchange.

No formal presentation was made to the institutional investors or to the analysts during the year under review. Management Discussion and Analysis forms Part of the Annual Report, which is sent to the Shareholders of the Company.

8. GENERAL SHAREHOLDER INFORMATION**a. Exclusive e-mail id for investor grievances**

Pursuant to Regulation 13(3) of the SEBI (LODR) Regulations, 2015, the following email id has been exclusively designated for communicating investor grievances:

Person in-charge of the Department: Shri Janak Shah.

b. Annual General Meeting

Saturday, 24th September, 2016 at 11.00 p.m. at registered office of the Company at Chhatral, Kalol-Mehsana Highway, Taluka Kalol Gandhinagar-382729.

c. Financial Calendar

First quarter results: July 2016

Second quarter results: October 2016

Third quarter results: January 2017

Annual results: April/May 2017

Annual General Meeting: August/September 2016

d. Book Closure

The Register of Members and the Share Transfer Register will be closed from Sunday, 18th September, 2016 to Saturday, 24th September, 2016. (both days inclusive).

SHAH FOODS LTD.

e. Dividend Payment Date

Not applicable

f. Shares Listed At

The equity shares of the Company are listed at:

Bombay Stock Exchange Limited (BSE)

Annual Listing fees for the year 2015-16 have been paid to the stock exchange. The Company has also paid the Annual Custodial fees to both the depositories.

g. Stock Codes

The stock code of the Company is 531854.

h. International Securities Identification Number (ISIN)

ISIN is a unique identification number allotted to dematerialized scrip.

The ISIN of the Company is INE455D01012.

i. Corporate Identity Number (CIN)

CIN of the Company is L15419GJ1982PLC005071.

j. High/Low of monthly Market Price of the Company's Equity Shares

	Bombay Stock Exchange (In Rs. per Share)	
	Month's High Price	Month's Low Price
April, 2015	38.40	30.40
May, 2015	50.00	33.40
June, 2015	43.75	35.05
July, 2015	43.00	34.30
August, 2015	64.00	42.35
September, 2015	65.05	42.00
October, 2015	52.30	35.15
November, 2015	67.20	50.30
December, 2015	65.95	43.00
January, 2016	55.90	39.90
February, 2016	67.00	42.45
March, 2016	53.00	40.25

k. Share Transfer System

As per the SEBI Guidelines, the Registry and Share Transfer activity is being handled by M/s Bigshare Services Private Limited, Mumbai. The Share Transfer requests received in physical form are normally registered within 15 days from the date of receipt.

l. Distribution Of Shareholding (As On March 31, 2016)

On the basis of Share held

Shareholding Of Nominal	Number Of Shareholders	Percentage of total	Share Amount	Percentage of total
1-5000	977	90.9683	1330410	22.2663
5001-10000	44	4.0968	374720	6.2715
10001-20000	15	1.3966	240100	4.0184
20001-30000	9	0.8380	229460	3.8403
30001-40000	3	0.2793	93260	1.5608
40001-50000	3	0.2793	132670	2.2204
50001-100000	13	1.2104	866010	14.4939
100001-999999999	10	0.9311	2708370	45.3284
Total	1074		5975000	100.0000

On the basis of category

Category	No Of Shares Held	% Of Total Shares Held
Individual	308103	51.56
Private corporate bodies	24722	4.14
Promoters	257250	43.05
Nonresident Indians	7425	1.24
Total	6382355	100

m. Dematerialization Of Shares And Liquidity

Shares of the Company are traded compulsorily in dematerialized form and are available for trading with both the depositories with whom the Company has established direct connectivity. The D-mat requests received by the Company are continually monitored to expedite the process of dematerialization. The D-mat requests are confirmed to the depositories within 15 working days of receipt.

During the year, the Company does not have any Demat requests for equity shares.

• Liquidity: The Company's Shares are liquid on BSE.

n. Code Of Conduct For Prevention Of Insider Trading

The Company has adopted a comprehensive Code of Conduct pursuant to the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992, for prevention of insider trading in shares of the Company. The Code of Conduct is implemented diligently mandating initial and continual disclosures from the senior officials, directors and auditors of the Company upon trading in the shares of the Company. The Code also restricts specified employees to deal in the shares of the Company on the basis of any unpublished price sensitive information available to them by virtue of their position in the Company. The transactions of the insiders in the shares of the Company are subjected to trading window closures, pre-clearance of trades etc. as envisaged in the Code.

o. Reconciliation Of Share Capital Audit Report

Pursuant to the provisions of the SEBI (Depositories & Participants) Regulations, 1996, quarterly audit is being undertaken by a Practicing Company Secretary for reconciliation of share capital of the Company. The audit report inter alia covers and certifies that the total shares held in CDSL, NSDL and those in physical form tally with the issued and 19 paid-up capital of the Company, the Register of Members is duly updated; Demat requests are confirmed within stipulated time etc. The Reconciliation of Share Capital Audit Report is submitted with BSE and is also placed before the meetings of the Board of Directors.

p. Outstanding GDRs/ADRs/Warrants or any convertible instrument as on 31st March-16

There were no outstanding GDRs/ADRs/Warrants or any convertible instrument as at end March-2016

q. Plant Locations

Chhatral, Kalol-Mehsana Highway,

Taluka Kalol

Gandhinagar-382729.

Telephone No. – 07926448371

E-mail – shahfoods.ahmedabad@gmail.com

r. Address for Correspondence

All enquiries, clarification and correspondence should be addressed to the compliance officer at the following Addresses.

1) Shah Foods Limited.

2) Chhatral, Kalol-Mehsana Highway, Taluka Kalol Gandhinagar-382729.

Telephone – 079-26448371

e-mail : shahfoods.ahmedabad@gmail.com

3) Registrar & Transfer Agent

Bigshare Services Private Limited

E-2/3, ANSA Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (East), Bombay-400072

Tel-022-28470652/40430200

E-mail-info@bigshareonline.com

Website-www.bigshareonline.com

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

I have examined compliance of conditions of Corporate Governance by Shah Foods Limited (the Company), for the year ended 31st March, 2016, as stipulated in clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1 April, 2015 to 30 November 2015 and as per the relevant provisions of Securities Exchange Board of India (LODR) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1 December 2015 to 31 March 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures & implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In my opinion and to the best of my information and according to the explanations given to me and the representation by the Directors and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement / Listing Regulations, as applicable except Regulation 17, 18, 19, 46(2)(b) to (i) and 47 of the SEBI (LODR) Regulations, 2015.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company

Place: Ahmedabad

Date: 01/08/2016

Pinakin Shah & Co.

Practising Company Secretary
FCS 2562, C.P. NO 2932

**DECLARATION ON ADHERENCE TO THE CODE OF CONDUCT UNDER
REGULATION 27(2) 1 D OF THE LISTING AGREEMENT**

All the Board members and senior management personnel of the Company have confirmed adherence to the Code of Conduct of Shah Foods Limited for the financial year ended March 31, 2016.

Place: Ahmedabad
Date: 01/08/2016

Registered Office:
Chhatral,
Kalol-Mehsana Highway,
Taluka Kalol
Gandhinagar-382729.

For and on behalf of the Board

Shri Janak Shah
Whole time Director
DIN : 01880079

INDEPENDENT AUDITOR'S REPORT

To,
The Members of
SHAH FOODS LTD.

Report on Financial Statements:

We have audited the accompanying financial statements of Shah Foods Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, and the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and 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 the Company as at March 31, 2016;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date;
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

- 2) As required by section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c) The Balance Sheet, Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors as on 31 March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure-B.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii The Company has transferred an unpaid dividend amount of R.49798/- to the Investor Education and Protection Fund for the F.Y.2007-08. There is no delay in transferring such amount to the Investor Education and Protection Fund.

PLACE : AHMEDABAD
DATED : 30-05-2016

FOR **DINESH R. SHAH & Co.**
CHARTERED ACCOUNTANTS
FRN No. 102610W
Hiren D. Shah
(PARTNER)
MEMBERSHIP NO: 047928

ANNEXURE - A TO THE AUDITOR'S REPORT

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of **Shah Foods Limited** on the accounts of the company for the year ended 31st March, 2016.

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) All the assets have not been physically verified by the management during the year but the company has regular program of verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the company.
- ii. According to the information and explanations given to us, the inventory has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material. The discrepancies have been properly dealt with in the books of accounts.
- iii. The Company has not granted any loans, secured or unsecured to the companies, firms or parties covered in the register maintained under section 189 of the Companies Act. Accordingly clause (iii) of CARO, 2016 is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. According to the information and explanations given to us, the Company has not accepted any deposits covered the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act. Therefore, clause (v) of CARO, 2016 is not applicable to the company.
- vi. In our opinion and according to the information and explanation given to us, the provision under sub section (I) of section 148 of the companies Act is not applicable to the company. Therefore, clause (vi) of CARO, 2016 is not applicable to the company.
- vii. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Custom Duty, Excise Duty, value added tax, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no undisputed amounts payable in respect of statutory dues as on 31st of March, 2016 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
- viii. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank, Government or the company did not have any outstanding debenture during the year.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly clause (iii) of CARO, 2016 is not applicable to the company.
- x. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company is private limited So, clause (xi) of the CARO, 2016 for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act is not applicable.

- xii. In our opinion and according to the information and explanations given to us, the Company is not nidhi company. Therefore, Clause (xii) of the Order are not applicable to the company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause (xv) of CARO, 2016 is not applicable to the company.
- xvi. The company has not required to be registered under section 45 IA of the Reserve Bank of India Act 1934.

For, Dinesh R. Shah & Co.
Chartered Accountants
FRN: 102610W

Hiren D. Shah
(Partner)
Membership No.:047928

Place: Ahmedabad
Date: 30/05/2016

Annexure - B to the Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Shah Foods Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance note on audit of internal financial controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company;
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).

For, Dinesh R. Shah & Co.
Chartered Accountants
FRN: 102610W

Place: Ahmedabad
Date: 30/05/2016

Hiren D. Shah
(Partner)
Membership No.:047928

SHAH FOODS LTD.

BALANCE SHEET AS ON 31ST MARCH 2016

PARTICULARS	Note No.	As at 31st March 2016		As at 31st March 2015	
		Rs.	Rs.	Rs.	Rs.
I EQUITY AND LIABILITIES					
1. Shareholder's funds					
(a) Share Capital	3	59,75,000		59,75,000	
(b) Reserves and surplus	4	1,05,21,623		84,58,851	
(c) Money received against share warrants					
			<u>1,64,96,623</u>		<u>1,44,33,851</u>
2. Share application money pending allotment			-		-
3. Non-current liabilities					
(a) Long-term borrowings		-		-	
(b) Deferred Tax liabilities (Net)	5	4,37,350		4,02,269	
(c) Other Long term liabilities	6	1,48,038		3,08,695	
(d) Long-term Provisions	7	1,14,481		1,64,279	
			<u>6,99,869</u>		<u>8,75,242</u>
4. Current Liabilities					
(a) Short term borrowings		-		-	
(b) Trade payables		-		-	
(c) Other current liabilities	8	51,35,863		38,33,145	
(d) Short term provisions		-		-	
			<u>51,35,863</u>		<u>38,33,145</u>
TOTAL			<u>2,23,32,355</u>		<u>1,91,42,239</u>
II ASSETS:					
1. Non-current assets					
(a) Fixed assets					
(i) Tangible assets	9	1,10,46,891		87,98,227	
(ii) Intangible assets		-		-	
(iii) Capital work-in-progress		-		-	
(iv) Intangible assets under development		-		-	
(b) Non-current investments	10	6,000		6,000	
(c) Long-term loans and advances	12	6,80,857		5,16,555	
(e) Other non-current assets	13	16,01,743		37,26,196	
			<u>1,33,35,490</u>		<u>1,30,46,978</u>
2. Current Assets					
(a) Current investments		-		-	
(b) Inventories	11	33,11,018		26,27,544	
(c) Trade receivables		-		-	
(d) Cash and Cash equivalents	14	56,85,847		34,67,716	
(e) Short-term loans and advances		-		-	
(f) Other current assets		-		-	
			<u>89,96,865</u>		<u>60,95,261</u>
TOTAL			<u>2,23,32,355</u>		<u>1,91,42,239</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

CA HIREND. SHAH (PARTNER)

MEMBERSHIP NO. 047928

Place : Ahmedabad

Date : 30th May, 2016

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

JANAK P. SHAH
Vice-Chairman

NIRAV J. SHAH
Managing Director

Place: Ahmedabad
Date : 30th May, 2016

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH 2016

PARTICULARS	Note No.	For the year ended 31st March 2016		For the year ended 31st March 2015	
		Rs.	Rs.	Rs.	Rs.
I Revenue from Operations					
a Revenue from operations (net) - Job Charges		5,09,98,686		4,68,75,376	
b Income from Share Trading activities	16	<u>(4,21,288)</u>		<u>2,68,732</u>	
			5,05,77,398		4,71,44,108
II Other Income	15		<u>6,40,992</u>		<u>6,27,480</u>
III Total (I + II)			5,12,18,390		4,77,71,588
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	64,05,781		43,99,637	
e Other expense	19	<u>4,04,94,520</u>		<u>4,02,68,252</u>	
Total			4,69,00,301		4,46,67,889
Earnings before exceptional items and extraordinary items, interest					
V Tax, depreciation and amortization (EBITA)(III-IV)			43,18,089		31,03,700
VI Finance Costs	18	1,61,599		2,72,790	
VII Depreciation and amortization expense	9	<u>11,85,017</u>		<u>9,11,453</u>	
			<u>13,46,616</u>		<u>11,84,243</u>
VIII Profit before exceptional and extraordinary Items and extra or tax (V-VI & VII)			29,71,474		19,19,457
IX Exceptional Items			-		-
X Profit before extraordinary items and tax (IX-VIII)			29,71,474		19,19,457
XI Extraordinary items			-		-
XII Profit before tax (X-XI)			29,71,474		19,19,457
XIII Tax expense:					
1 Current tax expenses for the current year		8,75,000		5,80,000	
2 Earlier Year tax adjustment		(1,381)		-	
2 Deferred tax		<u>35,083</u>		<u>3,410</u>	
			<u>9,08,702</u>		<u>5,83,410</u>
XIV Profit/(Loss) for the period from continuing operations (IX - X)			20,62,772		13,36,047
XV Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)					-
XVI Earnings per equity share:					
1 Basic			3.45		2.24
2 Diluted			3.45		2.24

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

CA HIREND. SHAH (PARTNER)

MEMBERSHIP NO. 047928

Place : Ahmedabad

Date : 30th May, 2016

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

JANAK P. SHAH
Vice-Chairman

NIRAV J. SHAH
Managing Director

Place: Ahmedabad
Date : 30th May, 2016

SHAH FOODS LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1 Corporate information

Shah Foods Ltd. is a public limited company in India and incorporated under the provision of the company Act, 1956. Its shares are listed in BSE. 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, 2013. 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, 2013. 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.

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 has been provided on a straight line method based on the economic useful life of the assets ascertained by the Management which is greater than or less than or equal to the corresponding rates prescribed in Part "C" of Schedule II of the Companies Act, 2013 and accordingly the rates of depreciation are applied. Depreciation on additions and deletions during the year is calculated on pro-rata basis.

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.

2.17 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.

3 SHARE CAPITAL	As at 31st March 2016		As at 31st March 2015	
	No. of Shares	Rupees	No. of Shares	Rupees
a. AUTHORISED				
Equity Share Capital of Rs. 10 each (with voting rights)	10,00,000	1,00,00,000	10,00,000	1,00,00,000
b. ISSUED, SUBSCRIBED & FULLY PAID UP SHARES				
Equity Share Capital of Rs. 10 each fully paid (with voting rights)	5,97,500	59,75,000	5,97,500	59,75,000
TOTAL		59,75,000		59,75,000

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

	As at 31st March 2016		As at 31st March 2015	
	No. of Shares	Rupees	No. of Shares	Rupees
At the beginning of the year	5,97,500	59,75,000	5,97,500	59,75,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	5,97,500	59,75,000	5,97,500	59,75,000

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

Name of Share Holder	As at 31st March 2016		As at 31st March 2015	
	No. of Shares	Rupees	No. of Shares	Rupees
PRADIP P SHAH- Director	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.

SHAH FOODS LTD.

	As at 31st March 2016		As at 31st March 2015	
	Rupees	Rupees	Rupees	Rupees
4 RESERVE & SURPLUS				
a General Reserve				
Opening Balance	18,34,256		18,34,256	
Additions / Reduction during the year	-		-	
Adjusted Against Opening Profit & Loss (Debit Balance)	-		-	
Closing Balance		18,34,256		18,34,256
b Surplus/ (deficit) in the statement of profit and loss				
Balance as per last financial statements	66,24,595		52,88,549	
Add : Profit during the Year	<u>20,62,772</u>		<u>13,36,047</u>	
Net surplus in the statement of profit and loss		<u>86,87,367</u>		<u>66,24,595</u>
TOTAL		1,05,21,623		84,58,851

	As at 31st March 2016		As at 31st March 2015	
	Rupees	Rupees	Rupees	Rupees
5 DEFERRED TAX LIABILITIES (NET)				
a Difference between book and tax written down of fixed assets	16,62,045		14,21,235	
Gross deferred tax liability		5,13,572		4,39,164
b Less Deferred tax assets				
Difference in provision disallowance	(2,46,672)		(1,19,400)	
Adjustments to the carrying amount of investment				
Gross deferred tax assets		(76,222)		(36,895)
Net deferred tax liability		<u>4,37,750</u>		<u>4,02,269</u>
TOTAL		4,37,750		4,02,269

	As at 31st March 2016		As at 31st March 2015	
	Rupees	Rupees	Rupees	Rupees
6 LONG TERM PROVISIONS				
a Unclaimed dividend		1,14,481		1,64,279
TOTAL		1,14,481		1,64,279

	As at 31st March 2016		As at 31st March 2015	
	Rupees	Rupees	Rupees	Rupees
7 LONG TERM OTHER CURRENT LIABILITIES				
HDFC Bank Vehicle Loan		<u>1,48,038</u>		<u>3,08,695</u>
TOTAL		1,48,038		3,08,695

	As at 31st March 2016		As at 31st March 2015	
	Rupees	Rupees	Rupees	Rupees
8 SHORT TERM OTHER CURRENT LIABILITIES				
a Other payable		48,36,301		36,75,892
b Statutory dues		<u>2,99,562</u>		<u>1,57,253</u>
TOTAL		51,35,863		38,33,145

In Rupees

9 FIXED ASSETS Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 1-Apr-15	Addition	Deduction	As at 31-Mar-16	As on 1-Apr-15	Addition	Deduction	As at 31-Mar-16
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Tangible Assets								
a Computer	9,13,482	2,95,246	---	12,08,728	7,61,928	1,15,347	---	8,77,275
b Factory Building	51,82,276	2,85,000	---	54,67,276	25,71,639	1,35,506	---	27,07,145
c Furniture and Fixture	7,83,466	4,600	---	7,88,066	4,09,031	71,670	---	4,80,701
d Free Hold Land	2,08,914	---	---	2,08,914	-	---	---	---
e Office Equipments	10,04,583	5,67,258	---	15,71,841	3,38,685	2,88,371	---	6,27,056
f Vehicle	13,84,182	3,26,200	---	17,10,382	1,45,908	1,58,132	---	3,04,040
g Plant and Machineries	66,66,104	19,55,376	---	86,21,480	35,44,147	3,15,478	---	38,59,625
h Tube well	5,97,398	---	---	5,97,398	1,70,836	1,00,513	---	2,71,349
Total	167,40,404	34,33,680	---	2,01,74,084	79,42,174	11,85,017	---	91,27,191
Previous year	134,71,262	38,44,344	---	1,73,15,606	72,60,519	9,11,453	2,29,798	79,42,174
								87,98,227
								87,98,230
								62,10,742

SHAH FOODS LTD.

	As at 31st March 2016		As at 31st March 2015	
	Rupees	Rupees	Rupees	Rupees
10 NON CURRENT INVESTMENT				
At cost and fully paid-up unless otherwise specified				
Investment in Government Securities				
NSC		6,000		6,000
TOTAL		6,000		6,000
11 INVENTARIES				
a Raw Materials		53,075		53,075
b Shares in Trading accounts		32,57,943		25,74,469
TOTAL		33,11,018		26,27,544
12 LONG TERM LOANS AND ADVANCES				
a Income Tax refund receivable		2,30,261		2,30,261
b UGVCL Deposit		4,50,596		2,86,294
TOTAL		6,80,857		5,16,555
13 SHORT TERM LOANS AND ADVANCES				
a Unsecured & considered good and recoverable in cash or in Kind		7,95,378		27,81,680
b Income Tax refund receivable		7,70,318		9,18,750
c interest on UGVCL Deposit		36,047		25,766
TOTAL		16,01,743		37,26,196
14 CASH & CASH EQUIVALENTS				
a Cash on Hand		23,451		29,680
b Balance with Scheduled Banks				
i) In Current Accounts	1,08,913		(9,56,235)	
ii) Fixed Deposit with Bank	52,53,382		42,53,382	
iii) Accrued Interest on Bank Fixed Deposit	3,00,101		1,40,889	
TOTAL		56,62,396		34,38,036
		56,85,847		34,67,716
15 OTHER INCOME				
	Rupees	FY 2015-16	Rupees	FY 2014-15
		Rupees		Rupees
a Interest on Bank Fixed Deposit	4,06,418		3,80,700	
b Dividend	91,892		65,945	
c Interest on IT Refund order	42,800		98,365	
d Interest on UGVCL Security Deposit	36,047		28,170	
e Other Income	63,835		54,300	
c Previous year's excess provision added back	-		-	
TOTAL		6,40,992		6,27,480

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	FY 2015-16		FY 2014-15	
	Qty	Rupees	Qty	Rupees
16 PROFIT/(LOSS)FROM STOCKS TRADING				
Sales	3,500	7,90,686	3,500	13,92,377
+ Closing Stock	25,800	32,57,943	25,800	25,74,469
	29,300	40,48,629	29,300	39,66,847
- Opening Stock	25,800	25,74,469	28,300	35,72,112
- Purchase and Demat Charges	1,000	18,95,448	1,000	1,26,002
	26,800	44,69,918	29,300	36,98,114
Profit / (Loss) During the Year	2500	(4,21,288)	-	2,68,732
	FY 2015-16		FY 2014-15	
	Rupees	Rupees	Rupees	Rupees
17 PAYMENT TO AND PROVISION FOR EMPLOYEES				
a Staff Salaries, Wages and other benefits		27,71,909		19,24,208
b Directors Remuneration and other benefits		36,33,872		24,75,429
TOTAL		64,05,781		43,99,637
	FY 2015-16		FY 2014-15	
	Rupees	Rupees	Rupees	Rupees
18 INTEREST AND FINANCE CHARGES				
a Bank + Credit card Charges		44,223		15,812
b Interest -Bank		50,255		96,483
c Interest -Others		67,121		1,60,495
TOTAL		1,61,599		2,72,790
	FY 2015-16		FY 2014-15	
	Rupees	Rupees	Rupees	Rupees
19 OTHER EXPENSES				
a) Power, Light and Fuel		1,64,86,499		1,90,94,527
b) Repairs to Plant and Machineries		5,19,944		3,90,005
c) Repairs to Factory Building		2,07,596		5,23,914
d) Repairs to Electric and others		3,10,382		3,36,267
e) Labour Charges-Net after reimb. from BIL		1,99,53,904		1,71,12,041
f) Factory Expenses		4,03,688		5,06,335
g) Laboratory Expenses		1,28,382		1,32,017
h) Ad Expenses		43,120		41,524
i) Audit Fees		64,812		54,496
j) Conveyance		9,245		9,906
k) Electricity		28,610		29,897
l) ROC filing fees		1,800		11,640
m) E-TDS return filing fees		333		307
n) Insurance		91,953		55,822
o) Professional Fees		3,85,171		2,78,494
p) License and Marking Fees		14,108		6,163
q) Listing and Depository Fees		2,45,271		1,25,842
r) Miscellaneous Expenses		1,82,512		1,12,691
s) Communication Expenses		1,47,582		1,37,823
t) Printing and Stationery		74,947		70,510
u) Professional Tax		2,400		2,400
v) Rent, Rate and Taxes		16,396		53,711
w) Share Transfer Agent Charges		52,988		39,339
x) Security Expenses		4,50,325		4,45,165
y) Vehicle Expenses		3,58,609		3,44,906
z) Travelling for Business Support		2,89,942		1,08,105
aa) Donation 80G		24,001		-
bb) Capital loss on Aveo car sold		-		2,44,405
TOTAL		4,04,94,520		4,02,68,252

SHAH FOODS LTD.

20 {A}METHOD OF ACCOUNTING:

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. 5,80,000 for Income Tax has been made from current year profit and Rs. 3,410 for deferred Tax has been made from 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: (1) IND ASIA Funds Advisors Pvt. Ltd. (2) Helios Greentech Pvt. Ltd.

B) Vice chairman: Shri. Janak P. Shah

C) Directors (1) Shri. Sushil P. Shah (2) Shri. Pradip P. Shah (3) Shri Virendra P. Shah
(4) Shri. Shrichand R. Kahar (5) Shri. Nirav J. Shah (6) Mrs. Pushpa J. Shah

• RELATED PARTY TRANSACTIONS

A) Associate Companies - Nil –

B) Directors

2015-16 2014-15
(Rupees in lacs)

Payments/provision to Directors:

(Remuneration & Perquisites)

Shri Janak P. Shah	10.79	10.13
Shri S. R. Kahar	4.66	4.01
Shri Nirav J. Shah	<u>12.88</u>	<u>10.61</u>
Total	28.33	24.75

• 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.

24	Payments to Auditors:	2015-16	2014-15
		(Rupees)	(Rupees)
	For Audit Fees	32,000	29,000
	For Tax Audit Fees	10,000	8,000
	For Certification & Professional	15,236	11,500
	For Service Tax on Fees	7,130	5,996
	Total	64,366	54,496

- 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 7,200 M.T.
- (B) Production: 2015-16 2014-15
- Biscuits(Job) (M.T.) 6,709 5,870
- (C) Job Charges Rs. 5,09,98,686 4,68,75,376
- (D) Value of Imported and indigenous raw materials (including components) consumed and their percentage:

	2015-16	2014-15
	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

Janak P. Shah Vice-Chairman
Nirav J. Shah Managing Director

Ahmedabad
Date: 30-05-2016

For Dinesh R. Shah & Co.
Chartered Accountant

(Hiren D. Shah)
(Membership No. 47928)
Partner
Ahmedabad
Date: 30-05-2015

SHAH FOODS LTD.

CASH FLOW STATEMENT FOR THE YEAR MARCH 31, 2016

	Rupees
A Cash flow from operating activities	
Profit/(Loss) before tax	29,71,474
Depreciation	11,85,017
Current tax expenses for the current year	(8,73,619)
Interest expense	1,61,599
Interest (income)	(6,40,992)
Operating profit before working capital changes	28,03,478
Movements in fund / capital :	
Increase/ (decrease) in other long term liabilities	(1,60,659)
Increase/ (decrease) in other long term provisions	(49,798)
Increase/ (decrease) in other current liabilities	13,02,718
Decrease / (increase) in Long-term loans and advances	(1,64,302)
Decrease / (increase) in Other non-current assets	21,24,453
Decrease / (increase) in inventories	(6,83,474)
Cash generated from /(used in) operations	51,72,418
Net cash flow from/ (used in) operating activities A	51,72,418
B Cash flows from investing activities	
Purchase of fixed assets	(34,33,680)
Interest and Dividend received	6,40,992
Net cash flow from/ (used in) investing activities B	(27,92,688)
C Cash flows from financing activities	
Interest paid	(1,61,599)
Net cash flow from/ (used in) in financing activities C	(1,61,599)
Net increase/(decrease) in cash and cash equivalents A + B + C	22,18,131
Cash and cash equivalents at the beginning of the year	34,67,716
Cash and cash equivalents at the end of the year	56,85,847
Components of cash and cash equivalents	
Cash in hand	23,451
With banks- in current account	1,08,913
- in deposit account and accrued interest account	55,53,483
Total cash and cash equivalents (note 7)	56,85,847
Summary of significant accounting policies	2
	0

Notes :

1. The above Cash flow statement has been prepared under the indirect method set out in AS-3 as notified under section 133 of the Companies Act, 2013.
2. Figures in brackets indicate cash outflow.
3. Following non cash transactions have not been considered in the cash flow statement: - Tax deducted at source (on income)
4. 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

CA HIREND D. SHAH (PARTNER)

MEMBERSHIP NO. 047928

Place : Ahmedabad

Date : 30th May, 2016

For and on behalf of the Board of Directors

SHAH FOODS LIMITED

JANAK P. SHAH

Vice-Chairman

NIRAV J. SHAH

Managing Director

Place: Ahmedabad

Date : 30th May, 2016

SHAH FOODS LIMITED**ATTENDANCE SLIP**

Regd. Office : Chhatral, Kalol-Mehsana Highway,
Taluka - Kalol, Gandhinagar- 382729

ANNUAL GENERAL MEETING: SEPTEMBER 24, 2016 AT 11.00 A.M.

DP ID.	
--------	--

CLIENT ID./ FOLIO NO.	
--------------------------	--

Name & Address of the registered shareholder
--

NO. OF SHARES	
------------------	--

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company

I hereby record my presence at the 34th Annual General Meeting of the Company held on Saturday, September 24, 2016 at 11-00am at Registered Office: Chhatral, Kalol-Mehsana Highway, Taluka - Kalol, Gandhinagar- 382729

Signature

Note : Please complete this and hand it over at the entrance of the hall.

SHAH FOODS LTD.

SHAH FOODS LIMITED PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Company: Shah Foods Limited

Registered Office: Chhatral, Kalol-Mehsana Highway, Taluka-Kalol, Gandhinagar- 382729

Name of the member(s)	:
Registered Address	:
E-mail Id	:
Folio No. / Client Id	:
DP Id	:

I(we) being member(s) ofshares of the above named Company, hereby appoint:

1. Name

Address

E-mail Id

Signature

or failing him

2. Name

Address

E-mail Id

Signature

or failing him

3. Name

Address

E-mail Id

Signature

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd Annual General Meeting/Extraordinary General Meeting of the Company, to be held on the 24th day of September, 2016 at 11-00am at Regd. Office : Chhatral, Kalol-Mehsana Highway, Taluka - Kalol, Gandhinagar- 382729 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Resolution
No.

Ordinary Business

- Adoption of the audited Statement of Profit & Loss Account for the year ended 31st March, 2016, the Balance Sheet as at that date and the Reports of the Directors & the Auditors thereon.
- Re-appointment of Director in place of Shri Shrichand Rambriksh Kahar (DIN- 02538221), who retires by rotation
- Appointment of M/s dinesh R. Shah & Co. Chartered Accountants, Ahmedabad (FRN102610W) as Statutory Auditors of the Company.

Special Business

- Re-Appointment of Mr. Janak Shah(DIN01880079) as Whole-Time Director

Affix a
Revenue
Stamp
here

Signed thisday of.....2016

SPEED-POST/COURIERSERVICE

If undelivered please return to

SHAH FOODS LIMITED

Corporate Office :

"SARAYU"

16/1, Kalyan Society,

Withakhali, Ellisbridge,

AHMEDABAD-380 006