

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31ST March, 2015
[Pursuant to section 204(1) of the Companies Act, 2013 and rule
No.9 of the Companies (Appointment and Remuneration Personnel)
Rules, 2014]

To,

The Members,

SHAHFOODS 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 [CIN: L15419GJ1982PLC005071] having registered office at Chhatral, Kalol-Mehsana Highway, Taluka Kalol, Gandhinagar-382729. (Hereinafter called the company). The secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the 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 audit period covering the financial year ended on 31st March, 2015 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, 2015 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following 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;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - 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;
 - 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;
- VI. Factories act, 1948, The Standards of weights and measures Act, 1976 Income Tax Act, 1961, Service Tax, Professional Tax, Labor Laws, Central Excise Act, 1985, Foods and Drugs Act, Minimum Wages Act, 1936, Payment of Bonus Act, 1965 etc. for which we have relied on certificates/ reports/ declarations/ consents/ confirmation issued by the experts of relevant field such as Advocates, consultants, chartered accountants and the Executive Directors of the Company.

SHAH FOODS LTD.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with Bombay Stock Exchange(s), During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:
 - i. Under Listing Agreement
 1. The Company does not maintain a functional website containing basic information of the Company which is in violation of Regulation 54 of the listing agreement.
 2. The Company does not issue public notice for intimating the meetings of the Board of Directors in English and vernacular newspapers which is in violation of clause 41 (III) of the Listing Agreement.
 - ii. Under Companies Act, 2013.
 1. It is difficult to verify the compliances of following provisions of the Companies Act, 2013 and listing agreements as during the audit period the website of the Company is not working.
 - Section 136: Placing the Financial statements on the website of the Company
 - Section 177(3): Establishment of vigil mechanism
 2. The Company has violated the provision of section 149(4) of the Companies Act, 2013 according to which, Company to have one-third of the total number of directors as independent directors.
 3. The Company has violated the Rule IV (1) schedule IV of the Companies Act, 2013 which require holding at least one meeting in a year without the attendance of non-independent directors and members of management to review the performance of non-independent directors and the Board as a whole.
 4. The Company does not have a company secretary pursuant to section 203 of the Companies Act, 2013 and rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) rules, 2014.
 5. Violation of section 177 of the Companies Act, 2013:
The Company has constituted the Audit Committee but it does not have majority of Independent Directors.
 6. Violation of section 178 of the Companies Act, 2013:

The Company has constituted Nomination and Remuneration Committee but it does not have one half of Independent Directors.

We further report that the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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 there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has not taken any major decision in pursuant to section 180 of the Companies Act, 2013.

Date: 01/08/2015
Place: Ahmedabad

Pinakin Shah & Co.
FCS No: 2562
C P NO: 2932