

Annual Report 1996 - 97

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Sunil Agro Foods Limited

Sunil Agro Foods Limited

BOARD OF DIRECTORS

Mr. B. Shantilal	<i>Chairman</i>
Mr. B.S. Vinodkumar	<i>Managing Director</i>
Mr. Pramodkumar. S	<i>Executive Director</i>
Dr. Prasanna Chandra	<i>Director</i>
Mrs. Kamala Bai	<i>Director</i>

COMPANY SECRETARY

Ms. Suguna Krishnamurthy

REGISTERED OFFICE & FACTORY

Plot No. 39-A2
Hoskote Industrial area,
Chokkahalli,
Hoskote - 562 114

CORPORATE OFFICE

No. 1/104, Ahuja Chambers,
Kumara Krupa Road,
Bangalore - 560 001

AUDITORS

Messrs. Manian Suresh Sundar & Vittal
Chartered Accountants
Bangalore.

BANKERS

The Karnataka Bank Limited
Kempegowda Road, Bangalore.

FINANCIAL INSTITUTION

Karnataka State Financial Corporation
Bangalore.

SHARE TRANSFER AGENT

Karnataka Financial Services Limited
No. 29, Hospital Road,
Bangalore.

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NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of Sunil Agro Foods Limited will be held on Wednesday, the 3rd September 1997 at 10.30 A.M. at the Registered Office of the Company at No. 39-A2, Hoskote Industrial Area, Hoskote 562 114, Bangalore District, to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March 1997 and the Profit and Loss Account for the year ended on that date together with the Report of Auditors and Directors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Dr. Prasanna Chandra who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

By Order of the Board
For Sunil Agro Foods Limited

Bangalore
23rd June, 1997.

B.S. VINOD KUMAR
Managing Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE PROXY FORM SHOULD BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 19th August, 1997 to 3rd September, 1997 (both days inclusive).
4. Payment of dividend, if declared, will be made to the members whose names appear in the Register of Members of the Company on 3rd September, 1997.
5. Members are requested to notify any change in their address to the Company's Share Transfer Agent : Karnataka Financial Services Limited, 29, Hospital Road, Bangalore.
6. Members are requested to quote their share folio number in all correspondence.

By Order of the Board
For Sunil Agro Foods Limited

Bangalore
23rd June, 1997.

B.S. VINOD KUMAR
Managing Director

Sunil Agro Foods Limited

DIRECTORS' REPORT

Your Directors are pleased to present the Ninth Annual Report and the Audited Statements of Accounts on the business and operations of the Company for the year ended 31st March, 1997.

FINANCIAL RESULTS

Particulars	(Rs. in Lakhs)	
	Year ended 31/3/97	Year ended 31/3/96
Sales and other Income	4730.39	2913.01
Profit before depreciation tax	163.20	135.80
Less Depreciation	38.70	16.57
Profit before tax	124.50	119.23
Less : Provision for tax	33.49	33.13
Profit after tax	91.01	86.10
Add: P&L A/c brought forward	87.08	43.59
Proposed Appropriations :-		
Proposed Dividend	45.04	34.00
Tax on Proposed Dividend	4.50	-
Transfer to General Reserve	15.00	8.60
Balance Carried forward	113.55	87.08

DIVIDEND

The Directors recommend a dividend of 15% (Rs. 1.50 per equity share) for the year ended 31st March 1997.

PROJECTIONS Vs PERFORMANCE

The performance of your Company as against the projections made in the prospectus is given below :

Description	(Rs. in Lakhs)	
	Projections 1996-97	Performance 1996-97
Sales	2983.58	4702.47
Profit after tax	144.12	91.01
EPS (Rs)	4.78	3.03
Dividend	20%	15%

PERFORMANCE

Your Company achieved a turnover of Rs. 4702.47 lakhs for the year as against Rs. 2887.50 lakhs in the previous year. The Net Profit for the Year stood at Rs. 91.02 lakhs as against Rs. 86.10 lakhs in the previous year. Though the turnover for the year surpassed the

projections and recorded an increase of about 63% over that of the previous year, the net profit was only marginally higher than the previous year. This was largely due to the uncertainty, both in the availability and the price of wheat, which beset the industry for a large part of the year. Power shortage and higher financial costs also affected margins. Depreciation was also high as compared to the previous year due to additions in fixed assets during the end of the previous year.

OUTLOOK FOR THE CURRENT YEAR

The operations of the Company during the first quarter have been as per schedule. The dependence on upcountry market for supply of raw material due to discontinuance of open markets sale by Food Corporation of India, ban on exports by Government of India, sluggish demand for wheat products coupled with dumping of wheat products at cheaper prices by upcountry millers have adversely affected margins.

Your Directors hope that favourable policy decisions by the Government of India, such as lifting the ban on export of wheat products and so on, will be made to alleviate the current crisis, failing which, the year ahead, they fear will not be very smooth.

DIRECTORS

Dr. Prasanna Chandra, Director of the Company retires by rotation and being eligible, offers himself for reappointment. During the year, Mr. P. Sadananda Maiya, owing to pressing business commitments expressed his inability to continue as a member of the Board of Directors and his resignation was accepted. The Board wishes to place on record their appreciation for the services rendered by Mr. Sadananda Maiya.

AUDITORS

M/s. Manian Suresh Sunder & Vittal, Chartered Accountants, retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

PARTICULARS OF EMPLOYEES

Information required under Section 217(2-A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules 1975, and forming part of the Directors' Report for the year ended 31-3-97 is given in Annexure "A" to the report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

The particulars pursuant to Section 217(1)(e) of the Companies Act, 1956 and the Companies (Disclosure

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of Particulars in the Report of Board of Directors) Rules 1988, are given as Annexure "B" to this Report.

ACKNOWLEDGMENTS

The Directors would like to place on record their appreciation for the support and co-operation extended by the Company's bankers, Karnataka Bank, Karnataka State Financial Corporation, the Company's suppliers, valued customers and shareholders.

The Directors would like to express their gratitude to all the employees of the Company for their unstinted support and contribution to the growth of the Company.

For and on behalf of the Board

Bangalore
23rd June, 1997.

B. SHANTILAL
Chairman

ANNEXURE "A" TO THE DIRECTORS' REPORT

Sl. No	Name	Age (Years)	Designation	Date of Appointment	Remuneration (Rs.)	Qualification	Experience	Previous employment
1.	B.S. VINODKUMAR	32	Managing Director	20-1-1988	3,00,000/-	B.E. Diploma in Flour Milling Technology (Switzerland)	11 Years	Nil
2.	S. PRAMODKUMAR	29	Executive Director	20-1-1988	2,40,000/-	B.Com	10 Years	Nil

1. Remuneration includes Salary, Allowances, monetary value of perquisites as per the Income tax rules.
2. Nature of employment is contractual.
3. The Managing Director and the Executive Director are related to Mr. B. Shantilal - Chairman and Mrs. Kamala Bai- Director.

For and on behalf of the Board

Bangalore
23rd June, 1997.

B. SHANTILAL
Chairman

Sunil Agro Foods Limited**ANNEXTURE "B" TO THE DIRECTORS' REPORT****Conservation of Energy, Technology Absorption, and Foreign Exchange earnings/outgo****1. Energy Conservation measures taken :**

The Company has a system to monitor consumption of energy and all efforts for conservation of energy wherever possible are made.

2. Additional investments and proposals being implemented for reduction and consumption of energy and the impact and the same in the cost of production of goods:

The Company's investment in machinery designed for low energy consumption made in the previous year is operational from this year.

FORM -A**Disclosure of particulars with respect to conservation of energy**

	1996-97	1995-96

Power and Fuel Consumption :**i) Electricity :**

a) Purchase Unit	18,08,464	12,93,652
b) Total Amount (Rs)	63,02,028	31,81,973
c) Rate Per Unit (Rs)	3.48	2.46

ii) In Own Generation :

a) Through Diesel Generator	7,99,008	5,09,800
b) Units/Liter of diesel Oil	3.32	3.36
c) Cost per unit (Rs)	2.63	2.46

iii) Consumption per ton of production

52.30	52.34
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3) Technology Absorption, Adoption and Innovation :

The Company is committed to maintaining standards of high quality for its products; imported plant and machinery installed in previous year has inbuilt technologies ensuring high quality of goods.

4) Foreign Exchange Earnings and outgo :

a) Activities relating to exports initiative taken to increase export for production and export plans.

The present policy of the Government bans export of wheat products.

b) Foreign exchange earnings

Sales Rs. 12,47,552/-

Foreign exchange outgo on Travelling

Rs. 1,07,107/-

For and on behalf of the Board of Directors

Bangalore
23rd June, 1997

B. SHANTILAL
Chairman

ADDENDUM TO DIRECTORS' REPORT IN RESPECT OF QUALIFICATION MADE IN AUDITORS' REPORT**PARA NO.**

5. (a) Accounting Policy No. 3 - regarding Accounting interest on National Savings Certificate's/Indira Vikas Patra on receipt basis.
5. (b) Account Policy No. 4 - regarding Accounting gratuity payable to eligible employees on payment basis.

The above policies have been followed by the company in the earlier years. There is no material financial impact on the financial statements.

For and on behalf of the Board of Directors

Bangalore
23rd June, 1997

B. SHANTILAL
Chairman

REPORT OF THE AUDITORS

To the Members of Sunil Agro Foods Limited :

We have audited the attached Balance Sheet of Sunil Agro Foods Limited as on 31st March 1997 and the annexed Profit and Loss Account of the Company for the year ended on that date and report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said order.
2. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our Audit.
3. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
4. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the above books of account.
5. In our opinion, the following accounting policies are contrary to accrual basis of accounting.
 - (a) Accounting Policy No. 3 regarding accounting of interest on certain items on receipt basis.
 - (b) Accounting Policy No. 4 regarding accounting of gratuity on payment basis.

The effect of the above accounting policies on the profit of the Company is not ascertained.
6. In our opinion and to the best of our knowledge and according to the information and explanations given to us the said accounts read with the schedules and notes thereon subject to the observation in Para 5 above give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - a) In the case of Balance Sheet, of the State of Affairs of the Company as at 31st March, 1997.
 - b) In the case of Profit and Loss Account, of the PROFIT of the Company for the year ended on that date.

for Manian Suresh Sundar & Vittal
Chartered Accountants

Bangalore
23rd June, 1997.

D.R. VENKATESH
Partner

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF SUNIL AGRO FOODS LIMITED FOR THE YEAR ENDED 31ST MARCH 1997.

- a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, these fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
- b) None of the fixed assets have been revalued during the year.
- c) As explained to us, physical verification has been conducted by the management at reasonable intervals in respect of the finished goods, packing materials and raw materials of the Company in its possession.
- d) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- e) The discrepancies noticed on physical verification of stock as compared to book records were not material and the same have been properly dealt within the books of account.
- f) In our opinion and on the basis of our examination of stock records, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles.
- g) According to the information and explanations given to us the Company has not taken any loans from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or from the companies under the same management as defined under Sub section (1-B) of Section 370 of the Companies Act, 1956.
- h) In our opinion, the rate of interest (wherever charged) and other terms and conditions where specified on which unsecured loans and advances in the nature of loans have been granted to companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956 and to a company under the same management as defined under section 370 (1-B) of the said Act are prima facie not prejudicial to the interests of the Company.