

ANNUAL REPORT 2000 - 2001

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Sunil Agro Foods Limited

SUNIL AGRO FOODS LIMITED THIRTEENTH ANNUAL GENERAL MEETING 2000-2001

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BOARD OF DIRECTORS

Mr. B Shantilal	<i>Chairman & Managing Director</i>
Mr. Pramodkumar S	<i>Executive Director</i>
Mrs. Kamala Bai	<i>Director</i>

REGISTERED OFFICE & FACTORY

PLOT No; 39-A2 HOSAKOTE INDUSTRIAL AREA,
CHOKKAHALLY,
HOSAKOTE - 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.

SHARE TRANSFER AGENTS

BIGSHARE SERVICES PRIVATE LIMITED,
MUMBAI.

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NOTICE

NOTICE is hereby given that the THIRTEENTH Annual General Meeting of the share holders of the Company will be held at 11.00 am on Wednesday the 5th day of September, 2001 at the Registered Office of the Company to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2001 and the Profit and Loss Account for the year ended on that date, together with the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Pramodkumar S who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

By Order of the Board
FOR SUNIL AGRO FOODS LIMITED

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/ herself and such proxy need not be a member of the company. Proxies in order to be effective must be received by the Company at the Registered office not less than 48 hours before the meeting.
2. The Listing fees are paid to the Stock Exchanges at Bangalore, Mumbai and Ahmedabad upto date.
3. The Company's Shares are traded in electronic form with No. ISIN No. INE224D01012.

By order of the Board
FOR SUNIL AGRO FOODS LIMITED

BANGALORE
28th June, 2001

B SHANTILAL
CHAIRMAN & MANAGING DIRECTOR

BANGALORE
28th June, 2001

B SHANTILAL
CHAIRMAN & MANAGING DIRECTOR

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DIRECTORS' REPORT

Your Directors are pleased to present the THIRTEENTH ANNUAL REPORT and the audited statements of accounts of the Company for the year ended 31st March 2001.

FINANCIAL RESULTS:

(Rs in lacs)

Particulars	Year Ended 31.03.2001	Year Ended 31.03.2000
Sales & Other income	4,266.04	3829.54
Profit before		
Depreciation & Tax	43.76	125.45
Less: Depreciation	41.66	39.98
Profit before tax	5.82	85.46
Less: Provision for tax	0	12.10
Profit after Tax	5.82	72.16
Add: P & L A/c brought forward	99.86	51.02
<i>Proposed Appropriations:-</i>		
Proposed Dividend	-	15.01
Tax on Proposed Dividend	-	3.30
Transfer to General Reserve	-	5.00
Balance Carried forward	105.68	101.07

DIVIDEND:

Due to the meagre profit made during the year by the Company, your Board regrets its inability to recommend dividend for the year that has passed.

PERFORMANCE:

The deceleration of growth rate continued for the second year in succession in the country with substantial increase in the crude oil price for the last two years. The reduction in the growth rate of GDP is a matter of concern for every one. The Industrial scenario continued to be faced with still adverse conditions and the consumer industry also had to suffer. Your Company being in the Flour Mill Industry that faced difficult times had to face the brunt of it. Imports became un-economical due to higher duty. The policies

of the Government continued to cause adverse effect to industry leading to innumerable uncertainties. The up-country suppliers from the growing areas unabatedly dumped the wheat products. Your Company had to impose tough austerity measures so as to reduce the cost.

As against profit after tax of Rs. 72.16 lakhs in the previous year, the Company incurred a Profit of Rs. 5.82 lakhs. The Board with deep concern is working out new strategies to aim at better results in the days to come.

DIRECTORS:

Mr. Pramodkumar S retires by rotation and is eligible for reappointment.

AUDITORS:

Messrs. Manian Suresh Sundar and Vittal, Chartered Accountants, retire as Auditors at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

DEPOSITS:

The Company did not accept any deposits during the year and there was no outstanding deposit due for payment.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956:

There was no employee drawing remuneration in excess of the limits prescribed under the above mentioned Section of the Act during the current year.

INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956:

The information as required under the above Section is given in Annexure and forms part of the Report.

INDUSTRIAL RELATIONS:

The relations with employees continued to be cordial throughout the year. Your Directors wish

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to place on record their sincere appreciation for the excellent team spirit displayed by the employees at all levels.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors have fulfilled their responsibility for the preparation of the accompanying financial statements by taking all reasonable steps to ensure that:

These statements have been prepared in conformity with the generally accepted accounting principles and appropriate accounting standards. Judgements and estimates that are reasonable and prudent have been made wherever necessary. The accounting policies selected and applied consistently give a true and fair view of the financial statements.

The Company has implemented internal controls to provide reasonable assurance of the reliability of its financial records, proper safeguarding and use of its assets and detection of frauds and irregularities. Such controls are based on established policies and procedures, and are implemented by trained, skilled and qualified personnel with an appropriate segregation of duties. The Company's internal auditors conduct regular internal audits, which complement the internal controls.

The Company's Statutory Auditors, Messrs. Manian Suresh Sundar & Vittal, Chartered Accountants, Bangalore, have audited the financial statements in accordance with the generally accepted auditing standards and practices as indicated in their report.

GOING CONCERN:

The Directors have prepared the annual accounts on a "going concern" basis.

ACKNOWLEDGMENTS:

Your Board wish to thank Bankers i.e., KARNATAKA BANK LIMITED, for their continued support and assistance. Your Directors also wish to place on record their gratitude to the customers,

distributors, dealers, vendors and investors for their continued and valued support.

By order of the Board
FOR SUNIL AGRO FOODS LIMITED

BANGALORE

28th June, 2001

B SHANTILAL

CHAIRMAN & MANAGING DIRECTOR

ANNEXURE TO THE DIRECTORS REPORT

Conservation of Energy Technology Absorption and Foreign 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 proposal being implemented for reduction and consumption of energy and the impact of 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 for this year.

FORM - A

Disclosure of particulars with respect to conservation of energy

2000-2001 1999-2000

Power and Fuel Consumption:

i) Electricity:

a) Purchase Unit	19,75,488	18,25,204
b) Total Amount (Rs.)	81,83,344	74,41,198
c) Rate Per Unit (Rs.)	4.14	4.08

ii) In own Generation:

a) Through Diesel Generator	2,04,600	2,25,858
b) Units/Liter of diesel Oil	3.32	2.98
c) Cost per Unit (Rs.)	4.98	4.02
iii) Consumption per ton of production	60.73	51.43

3. Technology Absorption, Adoption and Innovation:

The Company is committed to maintaining its standard and high quality of its production and is constantly engaged in efforts to confer to the guaranteed customer satisfaction.

4. Foreign Exchange Earning and Outgo:

a) Activities relating to export initiative taken to increase export for production and export plans. The present policy and the Government ban on export of wheat products.

b) Foreign Exchange Earnings	-	Nil
Foreign Exchange Outgo towards purchase of raw materials	Rs.84,115	
Foreign Exchange Outgo towards travelling expenses	Rs.3,32,775	

For and on behalf of the Board of Directors

BANGALORE

28th June, 2001

B SHANTILAL

CHAIRMAN & MANAGING DIRECTOR

ADDENDUM TO DIRECTORS' REPORT IN RESPECT OF QUALIFICATION MADE IN AUDITORS REPORT

PARA Nos.

7. Accounting Policy No. 3- regarding valuing wheat products at net realisable value instead of at lower of cost or net realisable value,

Keeping in view the complexity of the process and difficulty & huge costs involved in ascertaining the actual cost of wheat products individually, the Company has been consistently valuing the wheat products at net realisable value.

8. Accounting policy- No.4 regarding Encashment of leave salary on payment basis.

The Company has followed the above policy in the earlier years. There is no material financial impact on the financial statements.

9. The temporary nature of fluctuations in the Capital market is the reason for valuing the Investments at cost. In view of adequate reserves and surplus available in the books of the Company, the Board has decided that no provisions is required.

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REPORT OF AUDITORS

To
The Members,

We have audited the attached Balance Sheet of Sunil Agro Foods Limited as at 31st March 2001 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 (Auditor's 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 & 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. Based on the representation made by the Directors of the Company and the information and explanations as made available, Directors of the Company do not prima facie have any disqualification as referred to in clause (g) of sub-section (1) to Section 274 of the Act.
6. In our opinion the profit and loss account and the balance sheet comply with the accounting standards referred to in subsection (3c) of section 211 of the Companies Act 1956. Subject to the observations referred to in Para 7, 8 & 9 below.
7. As per accounting policy No.4 the Company values the Wheat products at net realisable value. This is contrary to the Accounting Standard 2 issued by the Institute of Chartered Accountants of India. The above said accounting standard requires the stock to be valued at lower of the cost or net realisable value. We are unable to ascertain the cost of the Wheat products since the relevant details are not readily available with the Company. Hence the impact of such treatment on the profit of the Company is not ascertainable.
8. In our opinion, Accounting policy No.8, regarding accounting of leave encashment on payment basis is contrary to accrual basis of accounting. We are unable to ascertain the impact of such treatment on the profit of the company since the relevant details are not readily available with the Company.
9. a) During the year the Company has reclassified the current investments at cost. As per Account Standards-13 Current Investments are to be classified at lower of cost or market value. the effect of this treatment is, investments are overstated to the extent of Rs.13.91 lakhs and Profit is also overstated to the same extent.
b) As per Accounting Policy No.5 the Company valued the investments at cost. As on 31st March, 2001, there is fall in the value of investments. The Company has not made provision in the value of investments to the extent of Rs. 34.50 lakhs and profit is overstated to the same extent.
10. 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 and subject to the observations in paras 7, 8 & 9 above, give the information required by the Companies Act 1956 in the