

# **ANNUAL REPORT 2001 - 2002**

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**Sunil Agro Foods Limited**

**Sunil Agro Foods Limited**

**SUNIL AGRO FOODS LIMITED**  
**FOURTEENTH ANNUAL GENERAL MEETING 2001-2002**

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**BOARD OF DIRECTORS**

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

**REGISTERED OFFICE & FACTORY**

Plot No; 39-A2, Hosakote 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

**SHARE TRANSFER AGENTS**

Bigshare Services Private Limited,  
Mumbai.

**Annual Report 2001 - 2002****NOTICE**

**NOTICE** is hereby given that the FOURTEENTH Annual General Meeting of the share holders of the Company will be held at 11.30 am on Thursday, the 5th day of September, 2002 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, 2002 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 Mrs. Kamala Bai who retires by rotation and being eligible, offers herself for reappointment.
- 3.To appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS:**

- 4.To consider, and if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution:  
"RESOLVED THAT Mr. AVS Murthy who was appointed as Additional Director of the Company during the year and who holds office upto the date of this Annual General Meeting be and is hereby appointed as Director of the Company liable to retire by rotation."

By Order of the Board  
FOR SUNIL AGRO FOODS LIMITED

BANGALORE

B.SHANTILAL

30th July, 2002

CHAIRMAN & MANAGING DIRECTOR

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 ISIN No. INE224D01012. Members who have not got their shares dematerialised, are requested to do so at the earliest.

- 4.The Company was not required to transfer the unclaimed dividend, declared upto the financial year ended 31st March 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General Reserve Account of the Central Government) Rules, 1978 as there were no balances in the unpaid dividend account.
- 5.The Share Transfer Books and the Register of Members will remain closed from 3-9-2002 to 5-9-2002 (both days inclusive).

**INFORMATION REQUIRED TO BE FURNISHED UNDER LISTING AGREEMENT**

As per Listing Agreement, particulars of Director who is proposed to be re-appointed are given below:

Name : Mrs Kamala Bai  
Age : 47 years  
Qualification : Matriculate  
Expertise : In the Flour Milling Industry for last 30 years

Other Directorships: Nil

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 4**

Mr. AVS Murthy was appointed as an Additional Director of the Company at the Board meeting duly convened and held on the 30th day of July 2002 with an intension of having an Independent Director on Board. He holds office till the date of this Annual General Meeting as per the provisions of the Companies Act, 1956.

The Board recommends this resolution to be passed at the Annual General Meeting.

None of the Directors other than Mr. AVS Murthy is interested in the resolution.

By Order of the Board  
FOR SUNIL AGRO FOODS LIMITED

BANGALORE

B.SHANTILAL

30th July, 2002

CHAIRMAN & MANAGING DIRECTOR

**Sunil Agro Foods Limited****DIRECTORS' REPORT**

Your Directors are pleased to present the Fourteenth Annual Report and the audited statements of accounts of the Company for the year ended 31st March 2002.

**FINANCIAL RESULTS:**

(Rs in lacs)		
Particulars	Year Ended 31.03.2002	Year Ended 31.03.2001
Sales	4538.71	4266.04
Other income	54.52	43.76
Profit before depreciation & tax	95.38	47.48
Less: Depreciation	44.78	41.66
Profit before tax	50.60	5.82
Less: Provision for tax	18.45	0
Profit after Tax	32.15	5.82
Add: P & L A/c brought forward	105.68	99.86
<i>Proposed Appropriations:-</i>		
Balance Carried forward	137.83	105.68

**DIVIDEND:**

In order to conserve the resources to augment the working capital required to enhance the business prospects, your Board has thought it fit to plough back the entire profits and therefore regrets its inability to recommend dividend for the year that has passed.

**PERFORMANCE:**

Despite the general economic sluggishness and the turbulent environment faced by the Industry in general, your Company performed satisfactorily.

The performance of the Company has improved during the financial year ended 31st March, 2002. The Sales during the year was slightly less compared to the previous financial year. However, there was an increase in other income compared to previous year. There was a reduction in the operating expenses during the current year as there was a reduction in the wheat cost.

As against Profit after tax of Rs. 5.82 lakhs in the previous year, the Company achieved a Profit after tax of Rs. 32.15 lakhs. The Government of India has permitted export of wheat flour. Your Company is contemplating exports during the next year, which will increase the turnover and profits for the years ahead. The Board with deep concern is working out new strategies to aim at better results in the days to come.

**DIRECTORS:**

Mr. Kamala Bai retires by rotation and is eligible for reappointment. With a view to broadbasing the Board, your Directors have inducted Mr. AVS Murthy as an Independent Director.

**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 year under report.

**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 at all levels continued

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to be cordial throughout the year. Your Directors wish 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. Judgments 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 Directors 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, 2002

B.SHANTILAL  
CHAIRMAN & MANAGING DIRECTOR

### ANNEXURE TO THE DIRECTORS' REPORT

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/Outgo

- 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.
- 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 made investment on machinery designed for low energy consumption earlier and the said machinery are operational.

### FORM - A

Disclosure of particulars with respect to conservation of energy

	2001-2002	2000-01
<i>Power and Fuel Consumption:</i>		
i) Electricity:		
a) Purchase Unit	22,57,720	19,75,488
b) Total Amount (Rs.)	98,30,468	81,83,344
c) Rate Per Unit (Rs.)	4.35	4.14
ii) In own Generation:		
a) Through Diesel Generator	1,40,611	2,04,600
b) Units/Liter of diesel Oil	3.08	3.32
c) Cost per Unit (Rs.)	5.86	4.98
iii) Consumption per ton of production	52.30	60.73

**Sunil Agro Foods Limited****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 Government has lifted the ban on export of wheat products. Hence, in the years ahead your Company can have income in terms of foreign exchange.

b) Foreign Exchange Earnings -	Nil
Foreign Exchange Outgo towards traveling expenses	Rs. 2,72,649

For and on behalf of the Board of Directors

BANGALORE  
28th June, 2002

B.SHANTILAL  
CHAIRMAN & MANAGING DIRECTOR

**ADDENDUM TO DIRECTORS' REPORT IN RESPECT OF QUALIFICATION MADE IN AUDITORS REPORT:****PARA Nos.**

- 4.6 Accounting Policy No. 3 regarding valuing wheat products at net realisable value nstead 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.

- 4.7 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 materials financial impact on the financial statements.

- 4.8 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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**Annual Report 2001 - 2002****REPORT OF THE AUDITORS**

To  
The Members,

1. We have audited the attached Balance Sheet of M/s **SUNIL AGRO FOODS LIMITED**, as at 31st March, 2002 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in para 3 above, we report that:
  - 4.1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - 4.2 In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - 4.3 The Balance Sheet and Profit and Loss Account dealt with by this report are in

- agreement with the books of accounts;
- 4.4 Subject to the observations referred to in Para 4.6, 4.7 and 4.8, in our opinion, the Balance sheet and Profit and Loss Account dealt with by this report comply with the accounting standards, referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - 4.5 On the basis of written representations received from the directors, as on 31st March, 2002, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - 4.6 ***As per Accounting Policy number 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 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.***
  - 4.7 ***In our opinion, Accounting Policy number 7 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.***
  - 4.8 ***As per Accounting Policy number 5 the Company valued the investments at cost. As on 31st March, 2002 there is fall in the value of investments. The***



**Sunil Agro Foods Limited**

***Company has not made provision in the value of investments to the extent of Rs. 25.46 lakhs and profit is overstated to the same extent.***

4.9 Subject to our qualification as referred in Para 4.6, 4.7 and 4.8 above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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 31st March, 2002; and
- (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

**For Manian Suresh Sundar & Vittal**  
Chartered Accountants

Bangalore  
28th June, 2002

**D.R.Venkatesh**  
Partner

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF SUNIL AGRO FOODS LIMITED FOR THE YEAR ENDED MARCH 31st, 2002.**

- 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 verifications 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 & proper and is in accordance with the normally accepted accounting principles, ***except valuation of wheat products at net realizable value vide para 4.6 of our report.***
- g) According to the information and explanations given to us, the Company has not taken any loans from Companies, firm's 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 sub-Section (1-B) of section 370 of the Companies Act, 1956 are prima facie not prejudicial to the interest of the Company.
- i) In respect of loans and advances in the nature of loans, given by the Company, the parties are generally repaying the principal amounts, as stipulated and are also regular in the payment of interest, ***except in the case of Inter Corporate Deposits***