

# ANNUAL REPORT 2006 - 2007

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**Sunil Agro Foods Limited**

**Annual Report 2006 - 2007**

**SUNIL AGRO FOODS LIMITED  
NINETEENTH ANNUAL GENERAL MEETING 2005-06**

**BOARD OF DIRECTORS:**

Mr. B. Shantilal	Managing Director
Mr. Pramodkumar S	Executive Director
Mr Sunil Jain	Wholetime Director
Mr. AVS Murthy	Director
Mr. Shailesh Siroya	Director

**REGISTERED OFFICE & FACTORY**

Plot No: 39-42  
Hosakote Industrial area,  
Chokkahalli  
Hoskote - 562 114

**CORPORATE OFFICE**

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

**AUDITORS**

Messrs. MSSV & Co.  
Chartered Accountants  
Bangalore.

**BANKERS**

The Karnataka Bank Limited  
Kempegowda Road, Bangalore

**SHARE TRANSFER AGENTS**

Alpha Systems Private Limited  
Bangalore.

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**Sunil Agro Foods Limited**

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**SUNIL AGRO FOODS LIMITED**

REGD. OFFICE : PLOT NO. 39/A2, HOSAKOTE INDUSTRIAL AREA  
CHOKKAHALLY BANGALORE - 562 114

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**NOTICE**

NOTICE is hereby given that the NINETEENTH Annual General Meeting of the shareholders of the Company will be held at 11.00 am on Wednesday, the 5th day of September, 2007 at Bharatiya Vidya Bhavan, Race Course Road, Bangalore - 560 001 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2007 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 a Director in place of Mr. Shailesh Siroya 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

Place: Bangalore

Date: 30th July 2007

**B.SHANTILAL**

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. Explanatory Statement in respect of Special Business in terms of Section 173(2) of the Companies Act, 1956 is attached herewith.
3. Listing fee has been paid to the Stock Exchange, Mumbai up to date.
4. The Company's shares are traded in electronic form with ISIN No. INE224D01012.
5. The Company was not required to transfer the unclaimed dividend, declared upto the financial year ended 31st March 1999 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.
6. The Share Transfer Book and Register of Member will remain closed from 4-9-2007 to 5-9-2007 (both days inclusive)

**Annual Report 2006 - 2007****INFORMATION REQUIRED TO BE FURNISHED UNDER LISTING AGREEMENT**

As per Listing Agreement, particulars of Director who are proposed to be reappointed are given below:

**1. Name : Mr Pramodkumar S**

Age : 39 years

**Qualification :**

1. Graduate in Commerce

**Expertise :**

General Management

**Other Directorships :**

1. Belgaum Roller Flour Mills Pvt Ltd
2. Puskar Investments Pvt. Ltd.
3. Brindavan Softland Pvt. Ltd.

**1. Name : Mr. Shailesh Siroya**

Age : 41 years

**Qualification :**

1. MBA (Finance)  
The University of Akron, Ohio, USA

**Expertise :**

General Management

**Other Directorships :**

1. Bal Pharma Limited

Name of the Company	Committee	Status
Sunil Agro Foods Limited	Audit Committee	Member
Sunil Agro Foods Limited	Remuneration Committee	Member

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

Your Directors are pleased to present the NINETEENTH Annual Report and the audited statements of accounts of the Company for the year ended 31st March 2007.

**FINANCIAL RESULTS :** (Rs. in Lacs)

Particulars	Year ended 31-03-2007	Year ended 31-03-2006
Sales	5671.29	4799.55
Other income	243.78	148.98
Profit before depreciation & tax	55.89	60.90
Less: Depreciation	38.27	44.97
Profit before tax	17.62	15.93
Less: Provision for tax	0	-
Profit after Tax	12.36	16.20
Add: P & L A/c brought forward	145.88	129.68
Proposed Appropriations:-	12.36	16.21
Balance Carried forward	158.24	145.88

**DIVIDEND :**

Your Board of Directors regrets its inability to recommend dividend for the year that has passed due to inadequate profits earned and with a view to ploughing back the same to the system.

**PERFORMANCE :**

The sudden spurt in wheat prices to the unprecedented level has increased the turnover overall for the year 2006-07. The rates of raw material during the year scaled highest in the year due to radical changes in the Government Policy.

Your Company's performance improved during the year under report. Institutional business continued.

Your Company continued with ITC Foods in contract milling during this year also. Synergic with the main objective of the Company's business, your Company also carried on trading equity shares and Commodity Exchange through NCDX and its trading in wheat resulting in profitable position. Government of Karnataka has exempted the products of your Company from the purview of tax.

Your Company was certified by the National Board of Experts, HACCP, Netherlands in the requirement for HACCP based Food Safety Systems. This certificate is issued by SGS since 25th October, 2006.

**DIRECTORS :**

Mr. Pramodkumar S and Mr. Shailesh Siroya retire by rotation and being eligible, offer themselves for reappointment.

**AUDITORS :**

Messrs. MSSV & Co, Chartered Accountants, retire as Auditors at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

**DEPOSITS :**

The Company did accept deposits from Directors during the year.

**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.

**CORPORATE GOVERNANCE REPORT :**

Corporate Governance Report is given as an Annexure to this Report and forms part of the Report.

**INDUSTRIAL RELATIONS :**

The relations with employees continued 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.

## Annual Report 2006 - 2007

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. M S S V & Co, 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.

### ACKNOWLEDGEMENTS :

Your Board wish to thank 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 & investors for their continued and valued support.

By order of the board

For SUNIL AGRO FOODS LIMITED

Place: Bangalore **B. SHANTILAL PRAMODKUMAR S**  
Date: 30-7-2007 **MANAGING DIRECTOR EXECUTIVE 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. Installed Solar Energy lights in the plant. Energy efficient electric Tube installed to save energy. Also by installed energy efficient meters controlling waste of power.

#### 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

Discoloure of particulars with respect to conservation of energy

	2006-07	2004-05
<b>Power and Fuel Consumption L</b>		
<b>i) - Electricity :</b>		
a) Purchase Unit	2865210	2658900
b) Total Amount (Rs.)	13292707	13022578
c) Rate Per Unit (Rs.)	4.64	4.88
<b>ii) In own Generation :</b>		
a. Through Dielsel Generator	15820	29298
b. Units/Liter of diesel Oil	3.00	3.00
c. Cost per Unit (Rs.)	11.97	9.84
iii) Consumption per ton of production	60.92	56.23

#### 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 Earning and Outgo :

(Amount in Rs.)

Sl. No	Particulars	Current year	Previous Year
1	Foreign Exchange Earnings	Nil	Nil
2	Foreign Exchange Outgo towards purchase of raw materials	Rs. 59250 Euro 1000	Rs. 66,600 US \$ 1500 Rs. 64,386 (AED 5100)

By order of the board

For SUNIL AGRO FOODS LIMITED

Place: Bangalore **B. SHANTILAL PRAMODKUMAR S**  
Date: 30-7-2007 **MANAGING DIRECTOR EXECUTIVE DIRECTOR**

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

PARA Nos.

PARA 4.6

4.6. Accounting Policy No: The temporary nature of fluctuations in the capital market is the reason for valuing the investments at cost. In view of the adequate reserves and surplus available in the books of the Company, the Board has decided that no provision are required.

**CORPORATE GOVERNANCE REPORT****A. Company Philosophy :**

The Company firmly believes in and has consistently practiced good Corporate Governance. The Company's essential character is shaped by the very values of transparency, professionalism and accountability. The Company will endeavor to improve on these aspects on the ongoing basis.

**B. Board of Directors :**

The Board of Directors comprises of 5 Directors out of which 3 are Executive Directors and 2 Non-Executive Directors.

During the financial year ended 31.3.2007, five Board meetings were held on 25th May, 30th June, 29th July, 30th October, 2006 and 30th January, 2007..

The composition of Directors and their attendance at the Board Meeting during the year and at the last Annual General Meeting as also number of other Directorship/membership of the committees are as follows:

Name of the Directors	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships	Committee Memberships
Mr. B Shantilal	Executive	5	Yes	4	1
Mr S Pramodkumar	Executive	5	Yes	4	1
Mr. Sunil Jain	Executive	2	Yes	2	2
Mr. AVS Murthy	Non-Executive	5	Yes	6	2
Mr. Shailesh Siroya	Non-Executive	5	No	4	3

**C. Audit Committee :**

The Audit Committee of the Company was constituted earlier. By the requirement of Companies Act, 1956, all Companies with a paid up capital of Rs 5 Crores and above should have an Audit Committee. Though the paid up capital of the Company is less than Rs 5 Crores, the Audit Committee was formed to comply with the requirements of clause 49 of the Listing Agreement.

**1) Terms of Reference**

- Overview of the Company's financial process and the disclosure of its financial information.
- Recommend the appointment/removal of external auditor, nature and scope of audit, fixation of audit fee and payment for any other services to external auditors.
- Review with the management, the half yearly and annual financial statements before submission to the Board.
- Review with the management, external and internal auditors, the internal audit report and the report of external auditors.
- Review of the adequacy and effectiveness of Internal Audit function, the internal control system of the Company, compliance with the Company's Policies and the applicable laws and regulation.

The Audit Committee may also review such matters as considered appropriate by it or referred to it or referred to it by the Board.

**2) Composition**

The Committee comprises 2 non Executive Directors and one Executive Director. Four meetings were held on 30th June, 2006, 29th July, 2006, 30th October, 2006 and 30th January, 2007 during the year and all the members of the Committee attended the same.

## Annual Report 2006 - 2007

### D. Remuneration Committee

#### 1) Terms of Reference

To review, assess and recommend the appointment and remuneration of executive directors and senior employees of the Company from time to time, periodically review the remuneration package of the executive directors/senior employees and recommend suitable revision to the Board.

#### 2) Composition

The Committee comprises 2 non-executive Directors and one Executive Director. There was no revision in the remuneration of any Wholtime Director and hence convening Meeting of the Committee was not necessitated during the year.

#### 3) Remuneration Policy

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives.

The components of the total remuneration vary from different cadres and are governed by industry pattern, qualifications and experience of the employee, responsibilities handled by him, individual performance etc.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, retain talent in the organization and reward merit.

#### 4) Details of remuneration for the year 2007-2006

Amount in Rs.

Name of Director	Remuneration	Sitting Fees
Mr. B Shantilal	390000	NA
Mr. S Pramodkumar	650000	NA
Mr Sunil Jain	94792	NA
Mr. AVS Murthy	-	6000
Mr. Shailesh Siroya	-	6000

### E. Investors Grievance / Share Transfer Committee

#### 1 Terms of reference

To look into the shareholders' complaints, if any, and to redress the same expeditiously. The Committee approves the request for issue of duplicate share certificates and issue of certificates after split/consolidation/ renewal as also requests from transmission of shares, referred by the Share Transfer Committee.

#### 2. Composition

The Shareholders Grievance Committee comprises of 2 Executive Directors.

During the year the Committee had 4 meetings; the attendance of the members was as follows:

Name of the Directors	Status	No. of meeting attended
Mr. B Shantilal	Chairman	4
Mr S Pramodkumar	Member	4

During the year there were no complaints received from the shareholders.

### F. General Body Meetings

The last time Annual General Meeting were held as under :

Financial Year	Date	Time	Location
2003-2004	04-09-2004	11.00 am	Bharatiya Vidya Bhavan
2004-2005	14-09-2005	11.00 am	Bharatiya Vidya Bhavan
2005-2006	04-09-2006	11.00 am	Registered Office/factory



**G. Means of Communication :**

1. Quarterly results are published in prominent daily newspapers.
2. Necessary disclosures as per the requirement of SEBI/Listing Agreement and Corporate Laws are made within prescribed time as required.
3. Management Discussion and Analysis forms part of the Annual Report

**H. General Shareholders Information**

- 1) Annual General Meeting will be held at 11.00 am on Wednesday, the 5th day of September 2007.
- 2) Financial Calendar :

Sl. No.	Particulars	Dates
1.	Annual Results of the previous year	30-6-2006
2.	First Quarter Result	29-7-2006
3.	Annual General Meeting	4-9-2006
4.	Second Quarter Result	30-10-2006
5.	Third Quarter Result	30-1-2007

- 3) Date of Book Closure for the year 2006-2007:  
4.9.2007 to 5.9.2007 (Both days inclusive)
- 4) Listing of Equity Shares on Stock Exchanges at: Mumbai (BSE)
- 5) Registrar and Share Transfer Agent :  
Alpha Systems Private Limited, No.30, Ramana Residency, Ground Floor, 4th Cross, Sampige Road, Malleswaram, Bangalore-560 003 Phone Nos: 23460815 to 18 Fax: 23460819 Email id: alfnl@vsnl.net.in
- 6) Share Transfer System :  
The Company's shares are traded in the Stock Exchanges compulsorily in the demat mode. Shares in physical mode which are lodged for transfer at the Investor Service Center are processed and subject to exercise of option under compulsory transfer cum demat procedures. Share certificates are either dematted or returned within the time prescribed by the authorities.
- 7) Distribution of shareholding as on 31.3.2007

Shares holding of nominal value of	Share holders		Share Amount	
	Number	% of Total	In Rs.	% of Total
Upto 5,000	963	84.85	1565970	5.21
5,001 - 10,000	55	4.85	437630	1.46
10,001 - 20,000	63	5.55	1001610	3.34
20,001 - 30,000	12	1.06	329460	1.10
30,001 - 40,000	4	0.35	15140	0.51
40,001 - 50,000	7	0.62	350000	1.17
50,001 - 1.00,000	8	0.70	569090	1.90
1,00,001 and above	23	2.03	25623500	85.33
Total	1135	100.00	30029000	100.00

**Annual Report 2006 - 2007****8) Categories of Shareholders as on 30.6.2007**

Category	No. of Shares held	% of Shareholding
Promoters	2116342	70.48
Persons acting in concert	60100	2.00
Institutional Investors	79077	2.63
Others	747381	24.89
Total	3002900	100.00

**9) Dematerialized of shares :**

Particulars	Shares	Percentage	No. of Shareholders
Physical Mode	356720	11.88	793
Electronic Mode	2646180	88.12	290

**10) Plant Locations :**

Plot No. : 39-A2, Hosakote Industrial are, Chokkahalli,  
Hoskote – 562 114

**11) Address for correspondence :**

The Company's registered office is situated at Plot No. 39-A2, Hosakote Industrial area, Chokkahalli, Hoskote – 562 114

Shareholders correspondence should be addressed to Plot No. 39-42, Hosakote Industrial area, Chokkahalli, Hoskote – 562 114

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depositors Participants (DPs)

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****a) Business Overview:**

The Company achieved a turnover of Rs. 5671.29 lakhs (previous year Rs. 4791.42 lakhs) for the financial year ended 31.3.2007 with net profit of Rs. 12.37 lakhs (previous year Rs. 16.20 lakhs). Margins continued to be under pressure due to sudden increase in wheat prices. Contract milling continued.

**b) Opportunities**

Market opportunities seems to be favourable to the Company.

**c) Risk and Concerns:**

International prices of raw material wheat is rising to a 15 year high poses concern in the local market.

**d) Outlook :**

The Company expects to increase revenue in the year.