

ANNUAL REPORT

2007 - 2008

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Sunil Agro Foods Limited

Annual Report 2007 - 2008

SUNIL AGRO FOODS LIMITED
NINETEENTH ANNUAL GENERAL MEETING 2007-08

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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/A2
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

HDFC Bank Ltd.
Seshadripuram Branch, Bangalore

SHARE TRANSFER AGENTS

Alpha Systems Private Limited
Bangalore.

Sunil Agro Foods Limited

SUNIL AGRO FOODS LIMITED

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

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the shareholders of the Company will be held at 11.00 am on Saturday, the 6th day of September, 2008 at Registered office of the Company at Plot No. 39-A2, Hosakote Industrial Area, Chokkahally, Hosakote - 562114 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended on that date, together with the reports of Directors and Auditors thereon.
2. To approve and confirm the interim dividend of 5% already declared and paid in respect of fully paid Equity Shares of the Company for the year 2007-2008.

3. To appoint Director in place of Mr. Sunil S Jain, Director who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Mr. AVS Murthy, Director who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint Auditors and fix their remuneration.

By Order of the Board
FOR SUNIL AGRO FOODS LIMITED

Place: Bangalore
Date: 30th July 2008

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. Listing fee has been paid to the Stock Exchange, Mumbai up to date.
3. The Company's shares are traded in electronic form with ISIN No. INE224D01012.
4. The Company has transferred Rs. 90,350/- unclaimed dividend, declared upto the financial year ended 31st March 2000 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.
5. The Share Transfer Book and Register of Member will remain closed from 5-9-2008 to 6-9-2008 (both days inclusive)

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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 Sunil S Jain

Age : 40 years

Qualification :

1. Graduate in Engineering
2. Master Degree in Business Administration from USA

Expertise :

General Management

Other Directorships :

1. Belgaum Roller Flour Mills Pvt Ltd
2. Brindavan Softland Pvt. Ltd.

3. Kansas State University, USA

4. MIE Institution of Engineers, India

Expertise :

General Management

Other Directorships :

1. Srushti Pharmaceuticals (P) Ltd.
2. Mysore Vegetable Oil Products Limited
3. Mysore Snacks Foods Limited
4. Alampalli Investments (P) Ltd.
5. Krishna Industries (P) Ltd.

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

2. Name : Mr. AVS Murthy

Age : 56 years

Qualification :

1. BE (Mechanical) Bangalore University
2. MS (Grain Science & Industry)

For SUNIL AGRO FOODS LIMITED

Place: Bangalore

Date: 30th July 2008

B.SHANTIL

MANAGING DIRECTOR

Sunil Agro Foods Limited
DIRECTORS' REPORT

Your Directors are pleased to present the Twentieth Annual Report and the audited statements of accounts of the Company for the year ended 31st March 2008.

FINANCIAL RESULTS : (Rs. in Lacs)

Particulars	Year ended 31-03-2008	Year ended 31-03-2007
Sales	5549.47	5671.29
Other income	350.22	243.78
Profit before depreciation & tax	144.28	55.89
Less: Depreciation	40.27	38.27
Profit before tax	104.01	17.62
Less: Provision for tax	22.92	0
Profit after Tax	81.08	12.36
Add: P & L A/c brought forward	158.25	145.88
Proposed Appropriations:-	-	12.36
Dividend & Tax	17.33	-
Balance Carried forward	222.00	158.24

DIVIDEND :

In view of comfortable cash generation the Board at its meeting 5th September 2008 declared a interim dividend at 5% (involving an outflow of Rs. 17.33 lakhs including div. tax) which has been duly paid to those members whose names, appeared in the Register of members on 3-10-2007.

PERFORMANCE :

The operations for the current year are normal and the Company sold investment made and earned profit during the year. Also, continued relationship with the institutions, has improved and the Company hopes to achieve profitability in the coming years.

The Company plans to further improve the quality of the products to have better footage in the market on value added items.

DIRECTORS :

Mr. Sunil S Jain and Mr. AVS Murthy, Directors of the Company 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 only during the year to meet critical fund needs.

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.

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

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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 HDFC Bank Ltd. for their support and assistance. Your Directors also wish to place on record their gratitude to the customers, distributors, dealers, vendors, investors and employees for their continued and value support.

By order of the board

For SUNIL AGRO FOODS LIMITED

Place : Bangalore **B. SHANTILAL PRAMODKUMAR S**
Date : 30-7-2008 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 and installed Solar Energy lights in the plant. Energy efficient electric tube was installed to save energy. Also the Company 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 this year.

FORM - A

Discolosure of particulars with respect to conservation of energy.

	2007-08	2006-07
Power and Fuel Consumption L		
i) Electricity :		
a) Purchase Unit	2609520	2865210
b) Total Amount (Rs.)	12314022	13292707
c) Rate Per Unit (Rs.)	4.72	4.64
ii) In own Generation :		
a. Through Dielsel Generator	36783	15820
b. Units/Liter of diesel Oil	3.00	3.00
c. Cost per Unit (Rs.)	11.86	11.97
iii) Consumption per ton of production	61.40	60.92

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. Particulars No	Current year	Previous Year
1 Foreign Exchange Earnings	Nil	Nil
2 Foreign Exchange Outgo towards		
a) purchase of raw materials	Nil	Nil
b) Travel expenses	Rs. 3850	Rs. 59250
Ticket & Visa charges	US \$ 3000	Euro 1000
	Rs. 33600	-
	Euro 600	-
	Rs. 94588	-
c) Import of Machinery	CHF 80000	-
	Rs. 2748726	-

By order of the board

For SUNIL AGRO FOODS LIMITED

Place : Bangalore **B. SHANTILAL PRAMODKUMAR S**
Date : 30-7-2008 MANAGING DIRECTOR EXECUTIVE DIRECTOR

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

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 provisions are required.

4.7. The Company has adopted uniform policy for many years. 9 Annexure to Auditors Report on delay in remittances of service tax/TDS: The delay due to reason beyond control and the same has been remitted.

Sunil Agro Foods Limited

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 whom 3 are Executive Directors and 2 Non-Executive Directors.

During the financial year ended 31.3.2008, Six Board meetings were held on 30th April, 2007, 30th June, 2007, 30th July, 2007, 5th September 2007, 29th October, 2007 and 30th January, 2008.

The composition of Directors and their attendance at the Board Meetings 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	6	Yes	4	1
Mr S Pramodkumar	Executive	6	Yes	4	1
Mr. Sunil Jain	Executive	6	Yes	2	2
Mr. AVS Murthy	Non-Executive	6	Yes	5	2
Mr. Shailesh Siroya	Non-Executive	6	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 by the Board.

2) Composition

The Committee comprises 2 non Executive Directors and one Executive Director. Four meetings were held on 30th June, 2007, 30th July, 2007, 29th October, 2007 and 30th January, 2008 during the year and all the members of the Committee attended the same.

Annual Report 2007 - 2008**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 Wholetime 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 2007-2008

Amount in Rs.

Name of Director	Remuneration	Sitting Fees
Mr. B Shantilal	390000	NA
Mr. S Pramodkumar	650000	NA
Mr Sunil Jain	162500	NA
Mr. AVS Murthy	-	10000
Mr. Shailesh Siroya	-	10000

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 Director	Status	No. of meetings attended
Mr. B-Shantilal	Chairman	8
Mr S Pramodkumar	Member	8

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
2004-2005	14-09-2005	11.00 am	Bharatiya Vidya Bhavan
2005-2006	04-09-2006	11.00 am	Registered Office/factory
2006-2007	05-09-2007	11.00 am	Bharatiya Vidhya Bhavan

Sunil Agro Foods Limited

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 Saturday, the 6th day of September 2008.
- 2) Financial Calendar :

Sl. No.	Particulars	Dates
1.	Annual Results of the previous year	30-6-2007
2.	First Quarter Results	30-7-2007
3.	Annual General Meeting	5-9-2007
4.	Second Quarter Results	29-10-2007
5.	Third Quarter Results	30-01-2008

- 3) Date of Book Closure for the year 2007-2008:
5.9.2008 to 6.9.2008 (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: alfint@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 31.3.2008

Shares holding of nominal value of	Share holders		Share Amount	
	Number	% of Total	In Rs.	% of Total
Upto 5,000	1015	84.65	1629320	5.43
5,001 - 10,000	62	5.17	483430	1.61
10,001 - 20,000	68	5.67	1076710	3.59
20,001 - 30,000	13	1.08	338520	1.13
30,001 - 40,000	4	0.33	138430	0.49
40,001 - 50,000	7	0.58	350000	1.13
50,001 - 1.00,000	9	0.75	676750	2.25
1,00,001 and above	21	1.75	25335840	84.37
Total	1199	100.00	30029000	100.00

Annual Report 2007 - 2008**8) Categories of Shareholders as on 30.6.2007**

Category	No. of Shares held	% of Shareholding
Promoters	2100676	69.95
Persons acting in concert	60500	2.01
Institutional Investors	40000	1.33
Others	801724	26.70
Total	3002900	100.00

9) Dematerialized of shares :

Particulars	Shares	Percentage	No. of Shareholders
Physical Mode	296845	9.89	633
Electronic Mode	2706055	90.11	566

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. 5549.47 lakhs (previous year Rs. 5671.29 lakhs) for the financial year ended 31.3.2008 with net profit of Rs. 81.08 lakhs (previous year Rs. 12.37 lakhs). Margins continued to be under pressure due to sudden increase in wheat prices. Contract milling continued.

b) Opportunities

The Company has entered into Milling/Grinding Agreement with General Mills Pvt. Ltd. for whole wheat atta.

c) Risk and Concerns:

There is no risk expected during this year.

d) Outlook :

The Company expects to reasonable improvement in the sales due to the expected opensale scheme by the government and also due to the new milling agreement with General Mills Pvt. Ltd.