

# **ANNUAL REPORT**

## **2008 - 2009**

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**Sunil Agro Foods Limited**

**SUNIL AGRO FOODS LIMITED**  
**TWENTY FIRST ANNUAL GENERAL MEETING 2008-09**

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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**

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

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**NOTICE**

NOTICE is hereby given that the TWENTY FIRST Annual General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at Plot No. 39/A2, Hosakote Industrial Area, Chokkahally, Hosakote -562114 at 11.00 am on Saturday, the 5th September, 2009 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 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 Mr. Pramodkumar S, Executive Director, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Mr. Shailesh Siroya, Director, who retires by rotation and being eligible, offers himself for reappointment.
4. To re-appoint Auditors and fix their remuneration.

By Order of the Board  
FOR SUNIL AGRO FOODS LIMITED

Place: Bangalore  
Date: 30th July 2009

**B.SHANTILAL**  
MANAGING DIRECTOR

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**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 Shares of the Company are compulsorily traded in electronic form. Members are requested to inform the Company's Registrars and Share Transfer Agents viz., Alpha Systems Pvt. Ltd., Unit: Sunil Agro Foods Limited, 30, Ramana Residency, Ground Floor, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003, about the changes, if any, in their registered addresses, along with the PIN quoting their folio number. All correspondence relating to transfer of Shares may be sent directly to the aforesaid Transfer Agents of the Company.
5. The Share Transfer Book and Register of Member will remain closed from 3-9-2009 to 5-9-2009 (both days inclusive).
6. Pursuant to SEBI notification No. MED/DOP / Circular 05/2009 dated May 20, 2009, it has become mandatory for the transferee(s) to furnish copy of PAN Card to the Company / RTA to enable/ effect transfer of Shares in physical form.

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

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

**1. Name: Mr. Pramodkumar S**

Age: 41 years

**Qualification:**

Graduate in Commerce

**Expertise:**

General Management

**Other Directorships:**

1. Belgaum Roller Flour Mills Private Limited
2. Puskar Investments Private Limited
3. Brindavan Softland Private Limited

**Expertise :**

General Management

**Other Directorships :**

1. Sanjay Gems Private Limited
2. Novosynth Research Labs Private Limited
3. Basav Chem Limited
4. E-Xseed Technologies and Devices (P) Ltd.
5. Bal Pharma Limited - Managing Director

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

Name of the Company	Committee	Status
NA	NA	NA

For SUNIL AGRO FOODS LIMITED

**2. Name : Mr. Shailesh Siroya**

Age : 43 years

**Qualification :**

MBA (Finance) from The University of Akron, Ohio, USA

Place: Bangalore

Date: 30th July, 2009

**B.SHANTILAL**  
MANAGING DIRECTOR

**DIRECTORS' REPORT**

Your Directors are pleased to present the TWENTY FIRST Annual Report and the Audited Statements of accounts of the Company for the year ended 31st March 2009.

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

Particulars	Year ended 31-03-2009	Year ended 31-03-2008
Sales	5424.62	5549.47
Other income	133.2	350.22
Profit before depreciation & tax	51.49	144.28
Less: Depreciation	44.97	40.27
Profit/(Loss) before tax	3.51	104.01
Less: Provision for tax	0.50	22.92
Profit/(Loss) after Tax	3.01	81.08
Add: P & L A/c brought forward	222.00	158.25
Proposed Appropriations:-		
Dividend & Tax	-	17.33
Balance Carried forward	225.01	222.00

**DIVIDEND :**

In view of the inadequate profits earned, your Directors regret the inability to recommend any dividend.

**PERFORMANCE :**

During the year under review, the first half year saw sudden rise in the wheat rate and wild fluctuations in the market. The Company was not able to achieve the expected results. Only during 2nd half the tender by Food Corporation of India on a monthly basis supported a steady price of the wheat till March 2009. The Company was able to recover to some extent. During the year the Company did job work to General Mills India Private Limited, ITC Foods Limited, ASC (Defence), some quantity to Britannia Industries Ltd. We have become the co-packer to M/s. General Mills (India) Pvt. Ltd. in the South India.

**DIRECTORS :**

Mr. Pramodkumar S and Mr. Shailesh Siroya, Directors, retire by rotation and being eligible, offer themselves for re-appointment.

**AUDIT COMMITTEE:**

Audit Committee constituted by the Board of Directors with requisite composition to fall in line with the

prevailing laws continued to discharge its functions during the year under report.

**AUDITORS :**

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

**DEPOSITS :**

The Company did not accept any deposits from public 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.

**CORPORATE GOVERNANCE REPORT :**

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

**SECRETARIAL COMPLIANCE CERTIFICATE :**

The Secretarial Compliance Certificate in accordance with the Companies (Amendment) Act, under Section 383A read with Notification No. G.S.R. II(E), dated 5-1-2009 issued by Ministry of Corporate Affairs, forming part of this report is given in Annexure.

**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 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 MSSV & Co, Chartered Accountants, Bangalore, have audited the Financial Statements in accordance with the mandatory Auditing Standards and Generally accepted accounting practices as indicated in their report.

**Going Concern :**

The Directors have prepared the Annual Accounts on a going concern basis.

**ACKNOWLEDGEMENTS :**

Your Board wishes to thank HDFC 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 and employees for their continued and valued support.

By order of the board

For SUNIL AGRO FOODS LIMITED

Place : Bangalore **B. SHANTILAL PRAMODKUMAR S**

Date : 30-7-2009 **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. The Company has installed Solar Energy lights in the plant. Energy efficient electric Tube has been installed to save energy. The Company has also installed energy efficient meters controlling waste of power.

2. Additional efforts are being informed for reduction and consumption of energy.

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

**FORM - A**

Discoloure of particulars with respect to conservation of energy

	2008-09	2007-08
Power and Fuel Consumption L		
I) Power and Fuel Consumption L		
II) Electricity:		
a) Purchase Unit	2615324	2609520
b) Total Amount (Rs)	12348059	12314022
c) Rate Per Unit (Rs)	4.72	4.72
III) In own Generation:		
a) Through Diesel Generator	60000	36783
b) Units/Liter of diesel Oil	3.00	3.00
c) Cost per Unit (Rs)	12.84	11.86
III) Consumption per ton of production	65.50	61.40

**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
Foreign Exchange Outgo towards		
a) Purchase of raw materials	Nil	Nil
b) Travel Expenses, Ticket & Visa charges	Rs. 20323/- USD \$ 500 Rs. 24150/-	Rs. 3850 US \$ 3000 Rs. 33600/- Euro 600 Rs. 94588
c) Import of Machinery	Nil	CHF 80000 Rs.2748726/-

By order of the board  
For SUNIL AGRO FOODS LIMITED

Place : Bangalore **B. SHANTILAL PRAMODKUMAR S**

Date : 30-7-2009 **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.

## **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 31.3.2009, Six Board Meetings were held on 29th April, 2008, 28th June, 2008, 30th July, 2008, 18th September, 2008, 30th October, 2008 and 30th January, 2009.

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	6	Yes	3	1
Mr. S Pramodkumar	Executive	6	Yes	3	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	5	3

### **C. Audit Committee :**

The Audit Committee of the Company was constituted earlier. By the requirement of the 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. Five meetings were held on 29th April, 2008, 28th June, 2008, 30th July, 2008, 30th October, 2008 and 30th January, 2009 during the year and all the members of the Committee attended the same.

### **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 of 2 Non-Executive Directors and 1 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 2008-2009**

Amount in Rs.

Name of Director	Remuneration	Sitting Fees
Mr. B Shantilal	390000	Nil
Mr. S Pramodkumar	625000	Nil
Mr. Sunil Jain	162500	Nil
Mr. AVS Murthy	-	12000
Mr. Shailesh Siroya	-	12000

**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 2 meetings; the attendance of the members was as follows:

Name of the Director	Status	No. of meetings attended
Mr. B Shantilal	Chairman	2
Mr. S Pramodkumar	Member	2

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

**Share Transfer Committee :**

Share Transfer Committee was constituted to deal with the cases like re-materialisation of shares, transfers, transmission and transposition of shares in physical mode.

Twelve Share Transfer meetings were held on 16th April, 2008, 16th May, 2008, 28th June, 2008, 30th July, 2008, 26th August, 2008, 18th September, 2008, 30th October, 2008, 25th November, 2008, 30th December, 2008, 30th January, 2009, 28th February, 2009 and 25th March, 2009 during the year and all the Members of the Committee attended the same.

**F. General Body Meetings :**

The last time Annual General Meeting were held as under :

Financial Year	Date	Time	Location
2005-2006	04-09-2006	11.00 am	Regd Office Plot No. 39/A2, Hosakote Industrial Area Chokkahally Bangalore -14
2006-2007	05-09-2007	11.00 am	Bharatiya Vidya Bhavan, Race course Road, Bangalore- 560 001
2007-2008	06-09-2008	11.00 am	Regd. Office Plot No. 39/A2, Hosakote Industrial Area Chokkahally Hoskote -562114



**G. Disclosures regarding Suspense Account pursuant to SEBI Circular No. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009 :**

As per the above mentioned Circular, clause 5A stands for shares issued pursuant to the public issues or any other issue which remain unclaimed and are lying in the Escrow Account and any unclaimed benefits like Dividend, Bonus Shares, etc., which are to be credited to the Demat Suspense Account. This being the first year after the circular coming into force from April 2009, your Company is taking steps to streamline all the requirements.

**H. Means of Communication :**

1. Quarterly results are published in the 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.

**I. General Shareholders' Information :**

- 1) Annual General Meeting will be held at 11.00 am on Saturday the 5th September, 2009.
- 2) Financial calendar:

Sl. No.	Particulars	Dates
1.	Annual Results of the previous year	28-6-2008
2.	First Quarter Result	30-7-2008
3.	Annual General Meeting	6-9-2008
4.	Second Quarter Result	30-10-2008
5.	Third Quarter Result	30-1-2009

- 3) Date of Book Closure for the year 2008-2009:  
3rd September, 2009 to 5th September, 2009 (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: alfjnt@vsnl.net.in
- 6) Share Transfer System :  
The Company's Shares are traded on the Stock Exchange 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.  
Periodically, audits are carried out at the office of the Share Transfer Agents by independent Practicing Company Secretary and requisite Certificates/Reports are obtained.
- 7) Distribution of Shareholding as on 31.3.2009

Shares holding of nominal value of	Shareholders		Share Amount	
	Number	% of Total	In Rs.	% of Total
Upto 5,000	1034	84.82	1618320	5.39
5,001 - 10,000	63	5.17	487210	1.62
10,001 - 20,000	68	5.58	1082980	3.61
20,001 - 30,000	13	1.07	337760	1.12
30,001 - 40,000	4	0.33	140130	0.47
40,001 - 50,000	7	0.57	350000	1.17
50,001 - 1.00,000	9	0.74	676760	2.25
1,00,001 and above	21	1.72	25335840	84.37
Total	1219	100.00	30029000	100.00

**8) Categories of Shareholders as on 31.3.2009 :**

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	212545	7.08	614
Electronic Mode	2790355	92.92	605

**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, Hosakote -562 114

Shareholders' correspondence should be addressed to Plot No; 39/A2, Hosakote Industrial area, Chokkahalli, Hosakote -562 114

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

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

The Company achieved a turnover of Rs.5424.62 lakhs (previous year Rs.5549.47 lakhs) for the financial year ended 31/3/2009 with a net profit of Rs. 3.01 lakhs (previous year Rs. 81.08 lakhs). Margin continues to be under pressure due to sudden increase in wheat prices during the first half. Contract milling continues with existing customers.

**b) Opportunities:**

The Company is looking at better value addition in new products.

**c) There is no risk expected during this year.****d) Outlook:**

The Company expects to reasonable improvement in the sales due to the expected open sale scheme by the Government during this year.