

# **ANNUAL REPORT**

## **2009 - 2010**



**Sunil Agro Foods Limited**

**SUNIL AGRO FOODS LIMITED**  
**TWENTY SECOND ANNUAL GENERAL MEETING 2009-10**

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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

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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 TWENTY SECOND 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 Monday, the 6th September, 2010 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 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. Sunil S Jain, Director, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Mr. AVS Murthy, Director, who retires by rotation and being eligible, offers himself for reappointment.
4. To re-appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS:**

5. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any amendment(s) or modification(s) thereof, approval of the members be and is hereby accorded to the appointment of, and remuneration payable to, Mr. B. Shantilal, as Managing Director of the Company for a period of three years with effect from 1.10.2010 to 30.09.2013 on the following terms and conditions as mentioned below:

**1. Salary:**

Sl.No.	Period of Remuneration	Salary per month
i.	1.10.2010 - 30.09.2013	Rs.50,000/-

**2. Commission:**

At 1% of the net profits of the Company computed in the manner laid down in the Companies Act, 1956, but subject to a ceiling of Rs. 1,20,000/- (Rupees One Lac Twenty Thousand only).

**3. Perquisites:**

As detailed hereinafter restricted to an amount equal to the annual salary or Rs.3,60,000/- (Rupees Three Lacs Sixty Thousand only) per annum, whichever is less Unless the context otherwise requires, the perquisites are classified in three categories 'A', 'B' and 'C' as follows:

**CATEGORY 'A'****i. Housing:**

The expenditure incurred by the Company on providing furnished residential accommodation for the appointee shall be subject to a ceiling of 60% (sixty percent) of the appointee's salary over and above 10% (ten percent) payable by the appointee himself:

**Alternatively:**

In case the accommodation is provided by the Company, 10% of the salary of the appointee shall be deducted by the Company;

**Alternatively:**

In case no accommodation is provided by the Company, the appointee shall be entitled to House Rent Allowance, subject to a ceiling of 60% (sixty percent) of salary payable to the appointee.

**Explanation:**

The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as

per Income-Tax Rules, 1962, as amended from time to time; however, such expenditure shall be subject to a ceiling of 10% (ten percent) of appointee's salary.

ii. **Medical Reimbursement:**

Expenses incurred for the appointee and his family, subject to, a ceiling of one month's salary over a period of three years.

iii. **Leave Travel Concession:**

For appointee and his family once in a year, while on leave, in accordance with the rules and regulations applicable to Senior Managers of the Company from time to time

iv. **Personal Accident Insurance:**

Premium not to exceed Rs. 4,000/- (Rupees four Thousand only) per annum,

Explanation: For the purpose of Category 'A,' "Family" means spouse, dependent children and dependent parents of the appointee.

**CATEGORY 'B'**

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund-These will be in accordance with the schemes applicable to senior Managers of the Company from time to time and will not be included in the computation of the ceiling of perquisites mentioned above to the extent they, either singly or put together are not taxable under the Income-Tax Act, 1961 and as amended from time to time.
2. Gratuity – In accordance with the Rules and Regulations applicable to Senior Managers of the Company from time to time not exceeding half month's salary for each completed year of service.
3. Encashment of leave at the end of the tenure-in accordance with the Rules and Regulations applicable to Senior Managers of the Company from time to time; the monetary equivalent of such encashed leave shall not be included in the computation of the ceiling on perquisites referred to in paragraph(c)

**CATEGORY "C"**

Provision of car for use on Company's business and telephone at residence. Both these facilities will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company to the appointee.

**OTHER BENEEFITS**

'Keyman Insurance' shall be taken in the name of the Managing Director and all premium(s) in this respect to be paid by the Company.

Apart from aforesaid remuneration, the Managing Director shall be entitled to reimbursement of expenses incurred in connection with the business of the Company.

The Managing Director shall not be paid any sitting fees for attending the Meetings of the Board of Directors or committees thereof.

The total remuneration including perquisites shall not exceed 5% of the profits calculated in accordance with Sections 349 & 350 of the Companies Act, 1956.

**MINIMUM REMUNERATION**

In the event of absence or inadequacy of profits in any Financial Year during the tenure of his appointment, the Managing Director may be paid the substantive remuneration as stated above as the Minimum Remuneration subject to however that unless approved by the Shareholders and the Central Government, as may be necessary, the amount of salary, commission, perquisites and other allowances payable to the Managing Director shall be subject to the limits prescribed under Part II of Schedule XIII of the Companies Act, as may be in force for the time being.

FURTHER RESOLVED THAT in the event of any Statutory Amendments or modifications or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration, including the salary, commission,

perquisites, allowances, etc., with such prescribed limit or ceiling and any arrangement between the Company and Mr. B. Shantilal be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company in General Meeting."

This may be deemed as abstract under Section 302 of the Companies Act, 1956 of the terms and conditions of appointment of Mr. B. Shantilal as Managing Director.

6. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any amendment(s) or modification(s) thereof, approval of the members be and is hereby accorded to the appointment of, and remuneration payable to, Mr. Pramod Kumar S, Executive Director of the Company for a period of three years with effect from 1.11.2009 to 30.09.2012 on the following terms and conditions as mentioned below:

**1. Salary:**

Sl.No.	Period of Remuneration	Salary per month
i.	1.11.2009 - 06.09.2009	Rs.50,000/-
ii.	7.09.2010 - 30.09.2012	Rs.1,00,000/-

**2. Commission:**

At 1% of the net profits of the Company computed in the manner laid down in the Companies Act, 1956, but subject to a ceiling of Rs. 1,20,000/- (Rupees One Lac Twenty Thousand only).

**3. Perquisites:**

As detailed hereinafter restricted to an amount equal to the annual salary or Rs.3,60,000/- (Rupees Three Lacs Sixty Thousand only) per annum, whichever is less Unless the context otherwise requires, the perquisites are classified in three categories 'A', 'B' and 'C' as follows:

**CATEGORY 'A'**

**i. Housing:**

The expenditure incurred by the Company on providing furnished residential accommodation for the appointee shall be subject to a ceiling of 60% (sixty percent) of the appointee's salary over and above 10% (ten percent) payable by the appointee himself:

**Alternatively:**

In case the accommodation is provided by the Company, 10% of the salary of the appointee shall be deducted by the Company;

**Alternatively:**

In case no accommodation is provided by the Company, the appointee shall be entitled to House Rent Allowance, subject to a ceiling of 60% (sixty percent) of salary payable to the appointee.

**Explanation:**

The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per Income-Tax Rules, 1962, as amended from time to time; however, such expenditure shall be subject to a ceiling of 10% (ten percent) of appointee's salary.

**ii. Medical Reimbursement:**

Expenses incurred for the appointee and his family, subject to, a ceiling of one month's salary over a period of three years.

**iii. Leave Travel Concession:**

For appointee and his family once in a year, while on leave, in accordance with the rules and regulations applicable to Senior Managers of the Company from time to time

**iv. Personal Accident Insurance:**

Premium not to exceed Rs. 4,000/- (Rupees four Thousand only) per annum,

Explanation: For the purpose of Category 'A,' "Family" means spouse, dependent children and dependent parents of the appointee.

**CATEGORY 'B'**

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund-These will be in accordance with the schemes applicable to senior Managers of the Company from time to time and will not be included in the computation of the ceiling of perquisites mentioned above to the extent they, either singly or put together are not taxable under the Income-Tax Act, 1961 and as amended from time to time.
2. Gratuity – In accordance with the Rules and Regulations applicable to Senior Managers of the Company from time to time not exceeding half month's salary for each completed year of service.
3. Encashment of leave at the end of the tenure-in accordance with the Rules and Regulations applicable to Senior Managers of the Company from time to time; the monetary equivalent of such encashed leave shall not be included in the computation of the ceiling on perquisites referred to in paragraph(c)

**CATEGORY " C"**

Provision of car for use on Company's business and telephone at residence. Both these facilities will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company to the appointee.

**OTHER BENEEFITS**

'Keyman Insurance' shall be taken in the name of the Executive Director and all premium(s) in this respect to be paid by the Company.

Apart from aforesaid remuneration, the Executive Director shall be entitled to reimbursement of expenses incurred in connection with the business of the Company.

The Executive Director shall not be paid any sitting fees for attending the Meetings of the Board of Directors or committees thereof.

The total remuneration including perquisites shall not exceed 5% of the profits calculated in accordance with Sections 349 & 350 of the Companies Act, 1956.

**MINIMUM REMUNERATION**

In the event of absence or inadequacy of profits in any Financial Year during the tenure of his appointment, the Whole time Director may be paid the substantive remuneration as stated above as the Minimum Remuneration subject to however that unless approved by the Shareholders and the Central Government, as may be necessary, the amount of salary, commission, perquisites and other allowances payable to the Whole time Director shall be subject to the limits prescribed under Part II of Schedule XIII of the Companies Act, as may be in force for the time being.

**FURTHER RESOLVED THAT** in the event of any Statutory Amendments or modifications or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration, including the salary, commission, perquisites, allowances, etc., with such prescribed limit or ceiling and any arrangement between the Company and Mr. Pramod Kumar S be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company in General Meeting."

This may be deemed as abstract under Section 302 of the Companies Act,1956 of the terms and conditions of appointment of Mr. Pramod Kumar S as Executive Director.

By Order of the Board  
FOR SUNIL AGRO FOODS LIMITED

Place: BANGALORE  
Date: 31st July, 2010

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. Unclaimed dividends upto the year 2002-2003 will be transferred 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 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 Code number quoting their folio number. All correspondence relating to transfer of shares may be sent directly to the aforesaid Transfer Agents of the Company.
6. The Share Transfer Book and Register of Member will remain closed on 6.09.2010.

**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956:****Item No. 5:**

Mr. B. Shantilal has been associated with the Company as a Promoter from the inception. He was instrumental in the significant growth of the Company and has good amount of experience in the line of the business.

It is proposed to re-appoint Mr. B. Shantilal as Managing Director of the Company with such terms and conditions as mentioned in the aforesaid.

Apart from B. Shantilal, Mr. Pramod Kumar S and Mr. Sunil Jain being relatives may be deemed to be interested/concerned in the resolution

**Item No. 6:**

Mr. Pramod Kumar S is a Commerce Graduate. He has been associated with the Company as a Promoter for very long time. He was instrumental in the significant growth of the Company and has good amount of experience in the line of the business.

It is proposed to re appoint Mr. Pramod Kumar S as Executive Director of the Company with such terms and conditions as mentioned in the aforesaid resolution.

Apart from Mr. Pramod Kumar S himself, Mr. Sunil Jain and Mr. B Shantilal being relatives may be deemed to be interested/concerned in the resolution.

FOR SUNIL AGRO FOODS LIMITED

Place: BANGALORE

Date: 31st July, 2010

B.SHANTILAL  
MANAGING DIRECTOR

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

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

**1. Name: Mr. Sunil S Jain**

Age: 42 years

**Qualification:**

Graduate in Engineering

Masters Degree in Business Administration from USA

**Expertise:**

General Management

**Other Directorships:**

1. Belgaum Roller Flour Mills Private Limited
2. Brindavan Softland Private Limited

Name of the Company	Committee	Status
NA	NA	NA

**2. Name : Mr. AVS Murthy**

Age : 58 years

**Qualification :**

BE (Mechanical) Bangalore University,  
MS (Grain Science & Industry),

Kansas State University, USA,  
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
Sunil Agro Foods Limited	Audit Committee	Chairman
Sunil Agro Foods Limited	Remuneration Committee	Chairman
Sunil Agro Foods Limited	Remuneration Committee	Member

For SUNIL AGRO FOODS LIMITED

Place: Bangalore  
Date: 31st July, 2010

**B.SHANTILAL**  
MANAGING DIRECTOR

## DIRECTORS' REPORT

Your Directors are pleased to present the TWENTY SECOND Annual Report and the Audited Statements of accounts of the Company for the year ended 31st March 2010.

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

Particulars	Year ended 31-03-2010	Year ended 31-03-2009
Sales	6858.76	5424.62
Other income	174.95	133.2
Profit before depreciation & tax	98.13	51.49
Less: Depreciation	44.35	44.97
Profit/(Loss) before tax	53.78	3.51
Less: Provision for tax	9.00	0.50
Profit/(Loss) after Tax	50.25	3.01
Add: P & L A/c brought forward	236.92	233.91
Proposed Appropriations:-		
Dividend & Tax	-	-
Balance Carried forward	287.17	236.92

### DIVIDEND :

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

### PERFORMANCE :

Your Company achieved higher revenue of Rs. 70.38 Crores during the year as against Rs. 55.16 Crores in the previous year. Healthy operating profit of Rs. 58.23 lakhs was made possible with better management of resources and with stabilized input cost. With change in the bankers, the Company was able to save on the interest cost as well. Your Directors hope to maintain the profit trend barring unforeseen circumstances.

During the year the Company did job work to General Mills India Private Limited, ITC Foods Limited, some quantity to Britannia Industries Ltd.

### DIRECTORS :

Mr. Sunil S Jain and Mr. AVS Murthy, 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 PRAMOD KUMAR S**

Date : 31-7-2010 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

Discolosure of particulars with respect to conservation of energy

	2009-10	2008-09
Power and Fuel Consumption L		
i) Power and Fuel Consumption L		
ii) Electricity:		
a) Purchase Unit	2717430	2615324
b) Total Amount (Rs)	13321187	12348059
c) Rate Per Unit (Rs)	4.90	4.72
iii) In own Generation:		
a) Through Diesel Generator	119682	60000
b) Units/Liter of diesel Oil	3.05	3.00
c) Cost per Unit (Rs)	12.24	12.84
iii) Consumption per ton of production	66.12	65.50

### 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 PRAMOD KUMAR S**

Date : 31-7-2010 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.