

ANNUAL REPORT

2010 - 2011



Sunil Agro Foods Limited

SUNIL AGRO FOODS LIMITED
TWENTYTHIRD ANNUAL GENERAL MEETING 2010-11

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BOARD OF DIRECTORS:

Mr. B. Shantilal	Managing Director
Mr. Pramodkumar S	Executive Director
Mr. AVS Murthy	Director
Mr. Shailesh Siroya	Director
Mrs. Pinky Jain	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

Integrated Enterprises (India) Ltd
Bangalore

SUNIL AGRO FOODS LIMITED

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

NOTICE

NOTICE is hereby given that the TWENTY THIRD Annual General Meeting of the shareholders of the Company will be held at Bharatiya Vidya Bhavan, Race Course Road, Bangalore - 560 001 at 11.00 am on Monday, the 5th September, 2011 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 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, 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.

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 2003-2004 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., Integrated Enterprises (India) 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 Members will remain closed on 5.09.2011.

FOR SUNIL AGRO FOODS LIMITED

Place: BANGALORE
Date: 30th July, 2011

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. Pramodkumar S

Age: 43 years

Qualification:

Graduate in Commerce

Expertise:

General Management

Other Directorships:

1. Puskar Investments Private Limited
2. 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 : 45 years

Qualification :

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

Place: Bangalore

Date: 30th July, 2011

B.SHANTILAL
MANAGING DIRECTOR

DIRECTORS' REPORT

Your Directors are pleased to present the TWENTY THIRD Annual Report and the Audited Statements of accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS : (Rs. in Lacs)

Particulars	Year ended 31-03-2011	Year ended 31-03-2010
Sales	7489.87	6928.73
Other income	167.37	174.95
Profit before depreciation & tax	106.90	98.13
Less: Depreciation	46.99	44.35
Profit/(Loss) before tax	59.92	53.78
Less: Provision for tax	11.00	9.00
Profit/(Loss) after Tax	44.74	50.25
Add: P & L A/c brought forward	287.17	236.92
Proposed Appropriations:-		
Dividend & Tax	-	-
Balance Carried forward	332.65	287.17

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. 74.90 Crores during the year as against Rs. 69.29 Crores in the previous year. Healthy operating profit of Rs. 59.92 lakhs was made possible with better management of resources and with stabilized input cost. 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 and some quantity to Britannia Industries Ltd.

DIRECTORS :

Mr. Pramodkumar S and Mr. Shailesh Siroya, Directors, retire by rotation and being eligible, offer themselves for re-appointment. Mr. Sunil Jain stepped down from the office of Director during the year under report. Ms. Pinky Jain was inducted as Non-Independent, Non-Executive Director in place thereof.

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 : 30-7-2011 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

	20010-11	2009-10
Power and Fuel Consumption L		
i) Power and Fuel Consumption L		
ii) Electricity:		
a) Purchase Unit	2930596	2717430
b) Total Amount (Rs)	15125383	13321187
c) Rate Per Unit (Rs)	5.16	4.90
iii) In own Generation:		
a) Through Diesel Generator	57970	119682
b) Units/Liter of diesel Oil	3.10	3.05
c) Cost per Unit (Rs)	12.51	12.24
iii) Consumption per ton of production	68.96	66.12

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	2010-11	2009-10
1	Foreign Exchange Earnings	Nil	Nil
	Foreign Exchange Outgo towards		
a)	Purchase of raw materials	25694616 USD 550586.616	Nil
b)	Travel Expenses, Ticket & Visa charges	Rs. 12400/- 111485 2355 Swiss Francs	Rs. 47025/- USD \$ 1000 Rs. 24150/-
c)	Import of Machinery	1000 Australian Dollar	Nil

By order of the board
For SUNIL AGRO FOODS LIMITED

Place : Bangalore **B. SHANTILAL PRAMOD KUMAR S**
Date : 30-7-2011 MANAGING DIRECTOR EXECUTIVE DIRECTOR

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

4.1 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.

4.2 Accounting policy No. 9.1. Sufficient reserves are available in the Company.

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, one Executive Director ceased to be Director during the year.

During the financial year ended 31.3.2011, Five Board Meetings were held on 28th April, 2010, 31st July, 2010, 29th October, 2010, 9th November, 2010 and 29th January, 2011.

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	3	1
Mr. Pramod Kumar S	Executive	5	Yes	3	1
Mr. Sunil Jain *	Executive	3	Yes	2	2
Mr. AVS Murthy	Non-Executive	4	No	5	2
Mr. Shailesh Siroya	Non-Executive	4	Yes	5	3

* Ceased to be Director during the year.

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. 5 meetings were held on 28th March, 2011, 31st July, 2011, 29th October, 2010, 9th November, 2010 and 29th January, 2011 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. During the year there was re-appointment of Wholetime Directors' hence a meeting of Remuneration Committee was held on 31 July, 2010.

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 2009-2010

Amount in Rs.

Name of Director	Remuneration	Sitting Fees
Mr. B Shantilal	500,000	Nil
Mr. Pramodkumar S	950,000	Nil
Mr. Sunil Jain	87,500	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. Pramodkumar S	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. The said committees meet from time to time to address the requirement.

F. General Body Meetings :

The last time Annual General Meeting were held as under :

Financial Year	Date	Time	Location
2007-2008	06-09-2008	11.00 am	Regd Office Plot No. 39/A2, Hosakote Industrial Area Chokkahally Hoskote -562114
2008-2009	05-09-2009	11.00 am	Regd Office Plot No. 39/A2, Hosakote Industrial Area Chokkahally Hoskote -562114
2009-2010	06-09-2010	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. 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 Monday, the 5th September, 2011.
- 2) Financial calendar:

Sl. No.	Particulars	Dates
1.	Annual Results of the previous year	31-7-2010
2.	First Quarter Results	31-7-2010
3.	Annual General Meeting	6-9-2010
4.	Second Quarter Results	29-10-2010
5.	Third Quarter Results	29-1-2011

- 3) Date of Book Closure for the year 2010-2011:
5th September, 2011
4. Listing of Equity Shares on Stock Exchanges at: Mumbai (BSE)
5. Registrar and Share Transfer Agent:
Integrated Enterprises (India) Ltd, 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 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 31.3.2011 :

Shares or Debenture holding of nominal value of	Share/Debenture Holders		Share/Debenture Amount	
	Number	% of Total	In Rs.	% of Total
Upto 5,000	1151	97.21	3709080	12.35
5,001 - 10,000	12	1.01	889450	2.96
10,001 - 20,000	7	0.59	1095710	3.65
20,001 - 30,000	3	0.25	759000	2.53
30,001 - 40,000	3	0.25	1005000	3.35
40,001 - 50,000	2	0.17	1000000	3.33
50,001 - 1.00,000	3	0.25	2734000	9.10
1,00,001 and above	3	0.25	18836760	62.73
Total	1184	100.00	30029000	100.00

8) Categories of Shareholders as on 31.3.2011 :

Category	No. of Shares held	% of Shareholding
PromotersPromoters	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	197460	6.58	580
Electronic Mode	2805440	93.42	604
TOTAL	3002900	100.00	1184

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.7657.25 lakhs (previous year Rs.7069.22 lakhs) for the financial year ended 31/3/2011 with a net profit of Rs.44.74 lakhs (previous year Rs. 50.99 lakhs). 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.