

ANNUAL REPORT
2006 - 2007



Sunil Agro Foods Limited

SUNIL AGRO FOODS LIMITED
NINETEENTH ANNUAL GENERAL MEETING 2005-06

CONTENTS :

NOTICE	01
DIRECTORS' REPORT	03
CORPORATE GOVERNANCE	05
AUDITORS REPORT	11
BALANCE SHEET	16
PROFIT & LOSS ACCOUNT	17
CASH FLOW STATEMENT	18
SCHEDULES	19
BALANCE SHEET ABSTRACT	34

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
Kempgowda Road, 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

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)

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

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

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.

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
Power and Fuel Consumption L		
I) - Electricity :		
a) Purchase Unit	2865210	2658900
b) Total Amount (Rs.)	13292707	13022578
c) Rate Per Unit (Rs.)	4.64	4.88
ii) In own Generation :		
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. Particulars No	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

- a. Overview of the Company's financial process and the disclosure of its financial information.
- b. 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.
- c. Review with the management, the half yearly and annual financial statements before submission to the Board.
- d. Review with the management, external and internal auditors, the internal audit report and the report of external auditors.
- e. 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.

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 2007-2006

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: alfnit@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

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.

e) Internal Control System :

The Company has effective control system commensurate with its operations. The internal Audit Department of the Company manned by qualified personnel, carries out the audit based on a planned program. The audit also reviews the adequacy and effectiveness of the internal control system and the follow up action taken pursuant to audit observation :

f) Human Resource Development :

The Company conducts regular training program both internally and externally for employees at all levels to improve the skills and overall development. Employees relations at the level continuous to remain cordial.

By order of the board
For SUNIL AGRO FOODS LIMITED

Place : Bangalore
Date : 30-7-2007

B. SHANTILAL
MANAGING DIRECTOR

PRAMODKUMAR S
EXECUTIVE DIRECTOR

CEO & CFO Certification

We confirm that:

1. We have reviewed the financial statements including the cash flow statement for the year and that to the best of our knowledge and belief:
 - i) the statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) the statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. No transactions were entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls; we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and to the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we were aware and the steps we had taken or propose to take to rectify those deficiencies.
4. We have disclosed to the auditors and to the Audit Committee
 - i) significant changes, if any, in internal control during the year;
 - ii) significant changes, if any, in accounting policies during the year and, the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud, if any, of which we had become aware and the involvement therein, if any, of the management or any employee having a significant role in the company's internal control system.

B. Shantilal
CEO & Managing Director
Member of the Board

M Srinivasa Rao
Chief Finance Officer

Date: 30th July 2007
Place : Bangalore

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITION OF
CORPORATE GOVERNANCE AS STIPULATED IN CLAUSE 49 OF THE LISTING AGREEMENT**

To

The Members of SUNIL AGRO FOODS LIMITED

We have reviewed the compliance of conditions of Corporate Governance by M/s. Sunil Agro Foods Limited for the year ended 31st March 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges, with the relevant records and documents maintained by the Company and furnished to us.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our review was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchange have been complied with in all material respect by the Company.

As at 31st March 2007, no investor grievance was pending for a period exceeding one month against the company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Bangalore
30th July 2007

For MSSV & CO.
Chartered Accountants
D.R Venkatesh
Partner
Membership No. 25087

MSSV & CO.

Chartered Accountants

No. 28, Second Floor, Anjuman Complex,
Lalbagh (mission) Road, Bangalore - 560027
Ph: 22227402, 22224605, Telefax: 22227411
Email: mssv@vsnl.net

AUDITORS' REPORT

To
The Members of Sunil Agro Foods Limited.

1. We have audited the attached Balance Sheet of M/s. **SUNIL AGRO FOODS LIMITED**, as at 31st March 2007 and also the Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the **Companies (Auditor's Report) Order, 2003(as amended)**, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to above, we report that:
 - 4.1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - 4.2 In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
 - 4.3 The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;

- 4.4 Subject to the observations referred to in Para 4.6 below, in our opinion, the Balance Sheet, Profit and Loss Account and Cash-Flow Statement dealt with by this report comply with the mandatory accounting standards, referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- 4.5 On the basis of written representations received from the directors, as on 31st March 2007, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- 4.6 **As per Accounting Policy number 5 the Company has valued the investments at cost. As on 31st march, 2007 there is a fall in the value of investments. The Company has not made provision in the value of investments to the extent of Rs.22.79 lakhs and Profit is overstated to the same extent.**
- 4.7 Subject to our comments as referred in Para 3 and 4.6 above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies & Notes to accounts thereon, gives the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:
 - (a) in so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2007; and
 - (b) in so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date.
 - (c) in so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For MSSV & CO.
Chartered Accountants

Place ; Bangalore
Date : 30th June 2007

D. R. Venkatesh
Partner
Membership No. 25087

ANNEXURE TO AUDITORS REPORT

Referred to in paragraph 3 of our report of even date

Based upon the information and explanations furnished to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report that:

1. In respect of Fixed Assets:
 - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) In our opinion, the company has not disposed off substantial part of fixed assets during the year and the going concern status of the company is not affected.
2. In respect of its inventories:
 - a. As explained to us, inventories have been physically verified during the year by the management. In our opinion, frequency of verification is reasonable.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of loans secured or unsecured, granted or taken by the Company to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - a. **The Company has granted loans to six parties during the year aggregating to Rs.279.15 lakhs and the same was recovered to the extent of Rs.174.36 lakhs during the year.**
- b. In our opinion and according to the information and explanations given to us in respect of loans given by the Company, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- c. In respect of loans granted by the Company, the recovery of interest and principal amount is regular.
- d. In respect of overdue loans, the company has taken reasonable steps to recover the principal and interest.
- e. **During the year, company has taken loan from one party. The balance payable as on the balance sheet date is Rs. 7.79 lakhs**
- f. In our opinion and according to the information and explanations given to us in respect of loans taken by the Company, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- g. In respect of loans taken by the Company the payment of principal and interest is regular.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of transactions covered under section 301 of the Companies Act, 1956;
 - a. In our opinion and according to the information and explanations given to us, the particulars of transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, during the year have

been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. During the year, Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit function commensurate with the size and nature of its business.
8. Maintenance of Cost Records has not been prescribed by the Central Government to this Company under section 209 (1) (d) of the Companies Act, 1956.
9. In respect of statutory dues:
 - a. According to the records of the Company, undisputed statutory dues including Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. **We have observed in few cases there has been delay in remittance of Service Tax and Tax Deduction at Source (TDS) dues to Appropriate Authorities.**
 - b. According to the information and explanations given to us, there are no dues of the sales tax, income tax, customs duty, wealth tax, excise duty, service tax and cess which have not been deposited with the appropriate authorities on account of any dispute.
10. The Company has no accumulated losses which is in excess of 50% of net worth and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution or banks.
12. According to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable to the Company.
14. The company is not dealing in or trading in shares, securities, and debentures. But company has invested the surplus funds to earn the income from investment. According to information and explanation given to us and in our opinion:
 - The company has maintained the records for transactions and contracts entered into for purchase and sale of shares and Securities.
 - Timely entries have been made in such records.
 - Investments are in the companies own name.
15. The Company has given guarantee for loan taken by **M/s Brindavan Softland Private Limited** from Karnataka Bank Limited, K G Road, Bangalore, amounting to **Rupees forty-eight lakhs**. According to the information and explanations given to us, in our opinion the terms and conditions of the guarantee are not prejudicial to the interest of the company
16. In our opinion, the term loan has been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, no funds raised on short -term basis have been used for long - term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956. Hence commenting on the prejudicial of issue price to the interest of the company does not arise.
19. During the year, the Company has not issued Debentures.
20. The Company has not raised any money by way of public issue during the year. Hence verification of the end use of the same does not arise.
21. As per our knowledge and according to the information and explanations given to us and our audit procedure does not reveal any fraud on or by the Company during the year that causes the financial statements to be materially misstated.

For **MSSV & CO.**
Chartered Accountants

Place ; Bangalore
Date : 30th June 2007

D. R. Venkatesh
Partner
Membership No. 25087

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS FOR PREPARATION OF FINANCIAL STATEMENT:

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI"), relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

The financial statements have been prepared under historical cost convention on an accrual basis. The accounting policies have been consistently applied by the company and are consistent with those used during the previous year. The presentation of financial statement in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that effect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management best knowledge of current events and actions the company may undertake in future, actual results ultimately may differ from the estimates.

2. FIXED ASSETS:

- Fixed Assets are stated at cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation.
- Interest on term loan taken for acquisition of assets is capitalized upto the date of asset being ready for use.
- Capital work in progress comprises of the cost of Fixed Assets that are not put to use as at the Balance Sheet date and advance paid towards acquisition of Fixed Assets.

3. DEPRECIATION:

Depreciation on Fixed Assets is provided on straight-line basis at the rates mentioned in Schedule XIV of the companies Act, 1956, on proportionate basis.

4. INVENTORY VALUATION:

Raw Materials, Finished Products, Packing Materials, Stores and Spares are stated at lower of cost or net realizable value.

5. INVESTMENTS:

Long Term Investments are valued at their acquisition cost. Provision for diminution in the value of long-term investment is made only if such decline is other than temporary in the opinion of the management.

6. REVENUE RECOGNITION:

- Sales are recognized when the significant risk attached to the goods are passed on to the seller and are recorded net of trade discounts, rebates but includes Sales Tax wherever applicable.
- Dividend income is recognized when the right to receive the dividend is established.
- Interest income is recognized on an accrual basis.
- Rental income on leased property is recognized on accrual basis, based on the terms and conditions agreed with the lessee.

7. RETIREMENT BENEFITS TO EMPLOYEES:

7.1 Gratuity:

- The company has taken Group Gratuity Scheme for its eligible employees from Life Insurance Corporation of India, for the gratuity liability. The premium payable to Life Insurance Corporation of India is provided on an annual basis.

7.2 Leave Encashment:

- Leave Encashment Liability of eligible employees is accounted on actuarial basis.

7.3 Provident Fund:

- Company's contribution to provident fund is charged to Profit & Loss Account and the same is remitted to provident fund Commissioner along with the employee contribution.

8. PROVISIONS:

Provision is recognized when the company has a present obligation as a result of past events: it is probable that the outflow of resources will be required to settle this obligation, in respect of which reliable estimate can be made. The provision is not discounted at present value and are determined based on the best estimate is required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

9. INCOME TAX:

- Tax expenses comprises of current, deferred and fringe benefit tax. Current tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax act, 1961.
- Deferred income taxes reflect the impact of current year timing differences between the taxable income and accounting income for the year and reversal of timing differences of earlier years, based on the tax rates that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only if there is reasonable certainty that sufficient future taxable income will be available, against which such deferred tax assets can be realized. If the company has carry forward of unobserved depreciation and tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are reassessed and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be that future taxable income will be available against which such deferred tax asset can be realized.

10. OPERATING LEASE:

Leases where the lessor effectively retains the substantially all risks and benefits of the ownership over the lease term are classified as operating lease. Operating lease payments are recognized as expenses in the profit and loss account on the straight-line basis over the lease term.

11. CONTINGENT LIABILITIES:

All known liabilities wherever material are provided for. Liabilities that are material, whose future outcome cannot be ascertained with reasonable certainty are contingent and disclosed by way of notes to accounts.

12. CASH FLOW STATEMENT:

Cash flows are reported using the indirect method, whereby net profit (loss) before tax is adjusted for the effective transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from regular revenue generating, investing and financing activities of the group are segregated.

13. SEGMENT REPORTING:

The companies operations predominantly relate to trading in wheat and manufacturing & trading in wheat products. The company has business segment as primary segment & geographical segment as secondary segment. Income and direct expenses in relation to segments is categorized bases on item that are individually identifiable to that segment and based on their relationship to the operating activity of that segment. Certain expenses such as depreciation, financial charges which form part of a segment component of total expense, are not specifically allocable to specific segment on a reasonable basis, have been included under unallocated corporate expenses.

Geographical revenues are segregated based on the location of the customer who is invoiced are in relation to which revenue is otherwise recognized.

BALANCE SHEET AS AT 31st MARCH 2007

Particulars	Sch. No.	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Share Capital	1	3,00,29,000	3,00,29,000
Reserves And Surplus	2	3,88,49,026	3,76,12,405
LOAN FUNDS			
Secured Loans	3	9,12,88,819	7,88,77,559
Unsecured Loans	4	7,79,271	5,10,000
Deferred Tax Liability		43,74,430	41,65,199
		<u>16,53,20,546</u>	<u>15,11,94,163</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block (Original Cost)	5	9,59,92,257	9,07,24,212
Less : Accumulated Depreciation		4,72,89,699	4,36,02,269
Net Book Value		4,87,02,558	4,71,21,943
Add : Capital Work in Progress	6	39,69,222	20,19,269
		<u>5,26,71,780</u>	<u>4,91,41,212</u>
INVESTMENTS			
Immovable Properties	7	9,84,868	9,84,868
Investment in Securities		72,14,205	1,01,39,798
		<u>81,99,073</u>	<u>1,11,24,666</u>
CURRENT ASSETS, LOANS AND ADVANCES			
Inventory	8	5,53,03,281	3,04,24,707
Sundry Debtors		3,71,79,486	4,03,93,478
Cash & Bank Balances		56,30,863	36,17,728
Loans & Advances		2,47,21,097	2,56,80,367
Total Current Assets		<u>12,28,34,727</u>	<u>10,01,16,280</u>
LESS: CURRENT LIABILITIES AND PROVISIONS	9	<u>1,83,85,034</u>	<u>91,87,994</u>
NET CURRENT ASSETS		<u>10,44,49,693</u>	<u>9,09,28,286</u>
		<u>16,53,20,546</u>	<u>15,11,94,163</u>

Notes to Accounts

19

Accounting policies and Schedules 1 to 9 & 19 form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date

for MSSV & CO,
Chartered Accountants

For and on behalf of the board

D.R. Venkatesh
Partner
Membership No. 25087B. Shantilal
Managing DirectorPramod Kumar S
Executive DirectorPlace: Bangalore
Date : 30th June 2007

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2007

Particulars	Sch. No.	For the Year ended 31.03.2007 (Rs.)	For the Year ended 31.03.2006 (Rs.)
Income			
Sales	10	56,71,29,110	47,91,42,626
Other Income	11	2,43,77,883	1,48,98,280
Accretion to Inventory	12	13,93,349	8,11,936
Total		59,29,00,342	49,48,52,841
Expenditure			
Operating Expenses	13	56,15,87,782	46,43,28,739
Administrative, Selling & Distribution Expenses	14	1,51,96,478	1,49,62,273
Financial Charges	15	1,05,26,375	94,72,087
Depreciation	5	38,27,718	44,96,715
Total		59,11,38,353	49,32,59,814
Profit/(Loss) before tax		17,61,989	15,93,027
Provision for tax			
Current tax		(1,55,000)	(30,000)
Deferred Tax		(2,09,231)	2,56,501
Fringe Benefit Tax		(1,76,177)	(1,99,170)
Excess provision of FBT of 05-06		15,041	-
Profit/(Loss) after tax		12,36,622	16,20,358
Profit & Loss A/c Bal. brought forward		1,45,88,005	1,29,67,647
Profit available for appropriation		1,58,24,627	1,45,88,005
Surplus Carried to Balance sheet		1,58,24,627	1,45,88,005
Notes to Accounts	19		

Accounting policies and Schedules 5, 10 to 15 and 19 form an integral part of the Profit & Loss Account

EARNING PER SHARE

Equity shares of Par value of Rs.10/- Each

Before Tax

Basic earnings per share	0.59	0.53
Number of shares used in computing earning per share	30,02,900	30,02,900

After Tax

Basic earnings per share	0.41	0.54
Number of shares used in computing earning per share	30,02,900	30,02,900

(Refer schedule no., 19, note 12)

This is the Profit and Loss Account referred to in our report of even date

for MSSV & CO,
Chartered Accountants

For and on behalf of the board

D.R. Venkatesh
Partner
Membership No. 25087

B. Shantilal
Managing Director

Pramod Kumar S
Executive Director

Place: Bangalore
Date : 30th June 2007

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2007

Particulars	Sch No	Year ended 31.03.07		Year ended 31.03.06	
A Cash Flow from Operating Activities					
Net profit before tax and extra ordinary items			1761989		1593227
Add: Adjustments for					
Depreciation		3827718		4496716	
Interest paid		10526375		9472087	
Loss on sale of Assets		123359		79759	
Loss on sale of Securities		795640		715573	
Interest on FD / other deposits		(1088577)		(2188967)	
Dividend received		(382855)		(224735)	
Profit on sale of securities		(10180389)		(2115758)	
			3621272		10234676
Operating Profit Before Working Capital Changes			5383261		11827903
Adjustments for:					
Sundry Debtors		3213991		(3347887)	
Loans and Advances	16	1059270		(12690255)	
Inventories		(24878574)		16023654	
Current Liabilities and Provisions		9197040		(15058509)	
			(11408274)		(15072997)
Less: Fringe Benefit Tax			(176177)		(199170)
Less : Income Tax			(155000)		(30000)
Less: Advance Income Tax Paid	16		(100000)		(50000)
Add: Excess provision for FBT of 05-06			15041		
Cash Generated from Operations			(6441149)		(3524264)
Deduct:					
Interest paid		10526375		9472087	
			10526375		9472087
Net Cash flow from Operating activities [A]			(16967524)		(12996352)
B Cash Flow from Investing Activities					
Purchase of Fixed Assets & Change in Capital Work In progress	17	(7481645)		(4693833)	
Investment in Securities & Term Deposits	18	12310341		1610147	
Interest on FD/other deposits		1088577		2188967	
Dividend received		382855		224735	
Net Cash Flow from Investing Activities [B]			6300128		(669984)
C Cash Flow from Financing Activities					
Proceeds from borrowings		12680531		16240703	
Net cash flow from Financing activities [C]			12680531		16240703
Net decrease in cash and cash equivalents [A + B + C]			2013135		2574367
Cash and Cash Equivalents as at 31st March 2007		5630863		3617728	
Cash and Cash Equivalents as at 1st April 2006		3617728		1043361	
			2013135		2574367
Notes to Accounts	19				

Accounting policies and Schedules 16 to 19 form an integral part of the Cash Flow Statement

This is the Cash Flow Statement referred to in our report of even date

for MSSV & CO,
Chartered Accountants

For and on behalf of the board

D.R. Venkatesh
Partner
Membership No. 25087**B. Shantilal**
Managing Director**Pramod Kumar S**
Executive DirectorPlace: Bangalore
Date : 30th June 2007

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2007	As at 31.03.2006
	(Rs.)	(Rs.)
SCHEDULE NO. 1		
SHARE CAPITAL		
Authorised Capital		
35,00,000 Equity Shares Of Rs. 10/- each	<u>3,50,00,000</u>	<u>3,50,00,000</u>
Issued, subscribed and paid up		
30,02,900 Equity Shares Of Rs. 10/- each	<u>3,00,29,000</u>	<u>3,00,29,000</u>
fully paid up		
Total	<u>3,00,29,000</u>	<u>3,00,29,000</u>

SCHEDULE NO. 2		
RESERVES & SURPLUS		
Investment Allowance Reserve	11,91,000	11,91,000
(Utilised) Account		
Securities Premium Account	<u>2,18,33,200</u>	<u>2,18,33,200</u>
General Reserve:		
Balance as per last Balance Sheet	1,45,88,205	1,29,67,647
Surplus / (Deficit) as per Profit & Loss A/c	<u>12,36,622</u>	<u>16,20,558</u>
	<u>1,58,24,826</u>	<u>1,45,88,205</u>
Total	<u>3,88,49,026</u>	<u>3,76,12,405</u>

SCHEDULE NO. 3		
SECURED LOANS		
Karnataka Bank Limited Secured Over Draft	8,97,40,297	7,78,91,793
ICICI Bank Vehicle Loan	<u>15,48,522</u>	<u>9,85,766</u>
Total	<u>9,12,88,819</u>	<u>7,88,77,559</u>

- Secured Over Draft Facility from Karnataka Bank Limited is secured by Hypothecation of Wheat & Wheat Products, Packing Material and Book Debts.
- ICICI vehicle loan is secured by hypothecation of Tata Tempo, Maruthi Swift Car, Maruthi Baleno Car & Tata truck.

The above secured loans are covered by the Personal Guarantees of the Promoter Directors.

SCHEDULE NO. 4

	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
UNSECURED LOANS		
Deposit from Directors	7,79,271	5,10,000
Total	7,79,271	5,10,000

SCHEDULE NO. 5

FIXED ASSETS

SL	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS ON 01.04.2006	Addition/ Deletion	AS On 31.03.2007		Upto 31-03-2006	For the Year	Adjust- ment	UPTO 31.03.2007	AS ON 31.03.2007	AS ON 31.03.2006
1	Land	62,97,198	1,50,950	64,48,148		0			64,48,148	62,97,198	
2	Building - Factory	2,70,77,909	2,18,092	2,72,96,001	60,54,878	7,27,261		67,82,139	2,05,13,862	2,10,23,031	
3	Building - Office	13,75,010		13,75,010	46,173	22,413		68,585	13,06,425	13,28,837	
3	Plant & Machinery	4,68,54,206	31,45,181	4,99,99,387	3,42,11,200	22,25,344		3,64,36,544	1,35,62,843	1,26,43,006	
4	Vehicles	32,58,229	8,53,203	35,57,785	7,07,999	3,10,485	1,40,288	8,78,196	26,79,589	25,50,230	
5	Transportation Vehicle	19,40,739	11,46,459	30,87,198	6,56,902	2,65,756		9,22,658	21,64,540	12,83,837	
6	Furniture & Fixtures	20,65,662	42,394	21,08,056	9,31,765	1,30,540		10,62,305	10,45,751	11,33,897	
7	Computer	10,50,668	1,58,621	12,09,289	7,51,266	1,08,759		8,60,025	3,49,264	2,99,402	
8	Office Equipments	5,86,332	1,06,792	6,93,124	2,05,906	26,224		2,32,130	4,60,994	3,80,426	
9	Lab Equipment	2,18,259	0	2,18,259	36,181	10,936		47,117	1,71,142	1,82,078	
	TOTAL	9,07,24,212	58,21,692	9,59,92,257	4,36,02,269	38,27,718	1,40,288	4,72,89,699	4,87,02,558	4,71,21,943	
	Previous Year	8,66,03,442	49,60,284	8,39,514	9,07,24,212	3,97,27,809	44,96,715	(6,22,255)	4,36,02,269	4,71,21,943	

SCHEDULE NO. 6

	As at 31.03.2007	As at 31.03.2006
Capital Work in Progress		
Building Staff Quarters	19,49,953	
Plant and Machinery	16,44,909	16,44,909
D G Set	3,74,360	3,74,360
Total	39,69,222	20,19,269

SCHEDULE NO. 7

INVESTMENTS

PARTICULARS	QUANTITY AS ON		FACE VALUE	COST AS AT	
	31.03.2007	31.03.2006		31.03.2007	31.03.2006
QUOTED TRADE FULLY PAID :					
Datar Switchgear Ltd	1,000	1,000	10	1,08,122	10,8,122
Value Mart Infotech	2,500	2,500	2	25,000	25,000
Karnataka Bank Ltd	492	81,246	10	54,920	42,65,138
Karnataka Financial Services Limited	6,800	6,800	10	91,721	91,721
Mazda Control	2,000	2,000	10	1,11,200	1,11,200
Pentamedia Graphics	18,650	18,650	10	7,85,472	7,85,471
Pushpa Packaging Ltd	10,600	10,600	10	1,06,900	1,06,900
Reliance Industries Ltd	-	50	10	-	34,900
SJ Max Golden Co Ltd	24,000	24,000	10	2,40,000	2,40,000
Sterling Spinners Ltd	4,900	4,900	10	49,000	49,000

Sunil Agro Foods Limited

PARTICULARS	QUANTITY AS ON		FACE VALUE	COST		AS AT
	31.03.2007	31.03.2006		31.03.2007	31.03.2006	
Tata Teleservice	-	6,900	10	-	2,32,530	
TISCO Ltd	500	500	10	79,900	79,900	
Virtual Dynamic Software Ltd.,	2,800	2,800	10	-	28,000	
Shaw Wallace	-	2,000	10	-	3,50,600	
Grannuals	-	1,100	10	-	1,05,262	
Scandent Solutions Eq	-	1,000	10	-	3,18,162	
Bal Pharma	9,642	7,642	10	5,64,100	4,88,570	
JK Cement	-	500	10	-	1,13,187	
Mukund Industrial Finance	5,700	5,700	10	61,704	61,704	
Color Chips	5,000	5,000	10	1,22,104	1,22,104	
JK Paper Limited	-	1,000	10	-	77,591	
Man Industries	1,000	1,000	10	2,56,171	2,63,956	
Mark Sans Pharma	1,000	1,000	10	3,09,012	3,09,012	
Krishna Life	10,000	10,000	1	56,164	56,164	
Surat tex MI	10,000	10,000	10	1,31,185	1,31,185	
Vybra Auto	-	1,000	10	-	98,017	
ING VYSYA	5,000	5,000	10	50,000	50,000	
Lamina Foundries Ltd	10,000	10000	10	2,35,000	2,35,000	
Cambridge Solutions Limited	2,000	-	10	4,87,588	-	
Dharani Sugers & Chemicals Limited	5,000	-	10	3,24,799	-	
Gati Limited	1,000	-	2	1,19,316	-	
Renuka Sugers Ltd.	2,000	-	10	11,00,000	-	
Surya Lakshmi Equity	2,000	-	10	3,23,631	-	
Todays Writing Products Limited	2,728	-	10	2,19,795	-	
Total				60,12,804	89,38,397	
Aggregate Market Value of Quoted Investments				37,63,162	1,01,33,343	
UNQUOTED TRADE FULLY PAID :						
Sanmitra Credits Ltd	10,000	10,000	10	1,00,000	1,00,000	
MTR Foods Ltd	1,00,000	1,00,000	10	10,00,000	10,00,000	
Total				11,00,000	11,00,000	
GOVERNMENT SECURITIES :						
National Savings Certificates				1,400	1,400	
NON TRADE INVESTMENTS :						
Kotak Life	-	-	10	1,00,000	1,00,000	
Total				101400	1,01,400	
Total Quoted and Unquoted Long Term investments				72,14,205	1,01,39,798	
LONG TERM INVESTMENTS - Immovable Property						
Investment In Residential Flat At WH 204 II Floor "DHARMA" Block, Sai Garden White Field Bangalore				9,84,868	9,84,868	
Total				81,99,073	1,11,24,666	
Grand Total				1,54,13,278	2,12,64,464	

SCHEDULE NO. 8

	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
A] Current Assets		
i) Inventory		
a) Raw Materials	4,20,37,097	1,87,59,611
b) Finished Products	98,35,512	84,42,163
c) Packing Material	29,87,751	26,57,933
d) Consumable Stores/ Lab Chemicals / Diesel	4,42,921	5,65,000
Total	<u>5,53,03,281</u>	<u>3,04,24,707</u>
ii) Sundry Debtors		
Debt outstanding for a period Exceeding Six Months		
Unsecured, considered good	38,76,378	49,63,034
Unsecured, considered Doubtful	-	-
Other Debts		
Unsecured, considered good	3,33,03,109	3,54,30,444
Unsecured, considered Doubtful	-	-
Total	<u>3,71,79,486</u>	<u>4,03,93,478</u>
iii) Cash and Bank Balances		
a) Cash on hand	4,00,666	2,71,558
b) Cash with Scheduled Banks	15,16,997	27,96,592
c) Term Deposit	37,13,200	5,49,578
(Held as margin money for bank guarantees as on 31st March 2007 is 31.44 lakhs).		
Total	<u>56,30,863</u>	<u>36,17,728</u>
B] Loans and Advances		
[Unsecured; considered good, recoverable in cash or in kind or for value to be received.]		
Inter Corporate Deposit	39,48,701	35,73,701
Loans And Advances	1,71,16,460	1,86,93,719
Deposits	36,55,936	34,12,947
Total	<u>2,47,21,097</u>	<u>2,56,80,367</u>
Total (A+B)	<u>12,28,34,727</u>	<u>10,01,16,280</u>

SCHEDULE NO. 9

A) Current Liabilities		
Sundry Creditors for Purchases	1,45,59,457	68,69,322
Sundry Creditors for Expenses	18,84,821	19,20,768
Sundry Creditors for Others	16,49,648	2,89,226
B) Provisions		
Fringe Benefit Tax	1,76,177	1,99,170
Less: Advance Tax paid	1,31,790	1,20,492
	44,387	78,678
Provisions for Taxation	1,55,000	30,000
Provisions for fall in value of shares	91,721	-
Total	<u>1,83,85,034</u>	<u>91,87,994</u>
Net Current Assets	<u>10,44,49,693</u>	<u>9,09,28,286</u>

SCHEDULE NO. 10

	For the Year Ended 31.03.2007 (Rs.)	For the Year Ended 31.03.2006 (Rs.)
SALES		
a) Maida	26,06,09,913	22,88,96,961
b) Sooji	7,45,47,694	7,32,84,649
c) Atta	10,41,41,537	6,47,86,128
d) Rough Bran	5,44,39,754	4,84,18,206
e) Bran Flakes	2,49,98,242	2,33,04,012
f) Others	83,44,797	9,32,691
g) Wheat	3,99,30,034	3,82,98,287
Total	56,70,11,971	47,79,20,934
Add: Sales Tax & Cess Collected	1,17,139	12,21,692
Total	56,71,29,110	47,91,42,626

SCHEDULE NO. 11

OTHER INCOME		
Dividend Received	3,82,855	2,24,735
Interest on Income Tax Refund	0	19,443
Insurance Claim	18,181	91,809
Interest on Fixed Deposit & Bonds	5,73,998	6,30,629
Interest Received on Deposit - ICD	3,75,000	13,89,910
Interest on KPTCL Deposit	1,39,579	1,68,428
Other Income	12,94,092	21,75,744
Balance Written Off	23,222	
Profit on Sale of NCDEX Trading & Other trading	37,36,517	38,53,795
Profit on Sale Of Securities	1,01,80,388	21,15,758
Rent :		
House Property	0	2,10,000
Terrace Space	1,80,596	2,41,666
Tempo/Truck Freight Received	9,55,874	1,96,727
Weighment Charges Received	1,48,200	83,580
Custom Milling Charges	63,69,381	34,96,056
Total	2,43,77,883	1,48,98,280

SCHEDULE NO. 12**ACCRETION/(DECRETION) TO INVENTORY**

Wheat Products	Opening Stock Rs.	Closing Stock Rs.	Accretion/ (Decretion) Rs.
Maida	47,11,908	53,78,616	6,66,708
Sooji	2,495	15,79,050	15,76,555
Atta	24,07,786	18,54,183	(5,53,603)
Bran Rough	8,02,050	6,61,874	(1,40,176)
Bran Flakes	5,17,924	3,61,789	(1,56,135)
Total	84,42,163	98,35,512	13,93,349
PREVIOUS YEAR	76,30,227	84,42,163	8,11,936
	For the Year Ended 31.03.2007		For the Year Ended 31.03.2006

SCHEDULE NO. 13**OPERATING EXPENSES**

Raw Material Consumed	44,71,94,506	38,19,71,920
Purchase Of Wheat Trading	3,77,59,167	3,81,93,810
Purchase Of Wheat Products	5,10,38,770	2,05,03,956
Custom Milling Charges	29,54,488	14,72,287
Freight & Carriage Inwards	2,00,722	1,85,592
Other Production expenses	0	33,752
Packing Material Consumed	39,14,307	31,95,054
Power & Diesel Charges	1,34,96,351	1,34,28,132
Stores & Spares Consumed	2,60,000	3,73,336
Wages/ Labour Charges	21,46,702	19,00,169
Storage Charges & Fumigation Charges	3,79,030	11,26,859
Insurance	3,75,208	3,62,611
REPAIRS & MAINTENANCE		
a) Plant & Machinery	10,12,007	7,85,238
b) Building	1,54,323	1,42,664
c) Diesel Generator	8,784	13,084
Laboratory Expenses	6,93,417	6,40,275
Total	56,15,87,782	46,43,28,739

SCHEDULE NO. 14

	For the Year Ended 31.03.2007 (Rs.)		For the Year Ended 31.03.2006 (Rs.)	
Administration, Selling and Distribution Expenses				
Directors Remuneration & Expenses				
Remuneration	10,85,500		9,90,900	
Bonus	90,458		82,575	
Contribution to Provident Fund	1,30,260		1,18,872	
Sitting Fees	12,000		8,000	
Directors Welfare	1,53,008		1,74,959	
Directors Foreign Tour Expenses	1,46,990		1,45,494	
Subscription And Membership	59,140		1,36,123	
Traveling Expenses & Others	4,46,456	21,23,812	5,89,288	22,46,211
Employee Cost				
Salary	11,28,624		9,30,240	
Bonus	2,72,944		2,35,867	
Employees State Insurance	1,41,123		1,12,684	
Provident Fund	3,34,153		2,73,980	
Leave Encashment	91,324		85,030	
Canteen Expenses	5,44,468		4,83,302	
		25,12,636		21,21,103
Auditors Remuneration:				
For Statutory Audit	60,000		60,000	
For Tax Audit	15,000		15,000	
For Other Services	20,000		20,000	
Service Tax on the above	11,718		11,628	
Expenses	3,360	1,10,078	9,770	1,16,398
Printing & Stationery		1,61,102		2,50,826
Rates, Taxes and Other fees		6,09,779		2,65,292
Postage, Telegram & Telephone		6,09,677		5,09,665
Carriage Outward		23,45,606		17,91,812
Internal Audit fees & Expenses		52,510		55,439
Brokerage and Commission		1,65,150		2,71,565
Advertisements		1,25,286		1,36,160
Discount Allowed		10,99,576		16,94,123
General And Miscellaneous Expenses		6,42,867		8,15,469
Travelling & Halting Expenses		1,16,363		94,858
Truck/ Tempo Vehicle Maintainance		24,47,994		15,81,636
Vehicle Maintenance		4,94,494		5,76,671
Conveyance Allowance		856		13,993
Rent		18,000		18,000
Repairs & Maintenance Others		1,67,816		1,33,554
Entry Tax		68,077		46,884
VAT		1,17,139		11,95,539
CST				26,152
LIC Group Gratuity		41,651		36,997
Fall in value of shares		91,721		
Loss On Sale Of Securities		7,95,640		7,15,573
Loss on Sale of Assets		1,23,359		79,759
Sales Tax Relating to Earlier Years		1,55,289		1,68,594
Total		1,51,96,478		1,49,62,273

SCHEDULE NO. 15

	For the Year Ended 31.03.2007 (Rs.)	For the Year Ended 31.03.2006 (Rs.)
FINANCIAL CHARGES		
Interest on Secured Overdraft	82,24,333	83,09,315
Bank Charges & Commission	19,28,562	10,23,342
Interest on Term Loans	-	17,793
Interest on Deposits & Others	2,36,123	71,180
Interest on Car Loan	1,37,357	50,457
Total	<u>1,05,26,375</u>	<u>94,72,087</u>

SCHEDULE NO. 16

CHANGES IN LOANS AND ADVANCES		
As per Balance Sheet	(2,47,21,097)	(2,56,80,367)
Less: Advance Income Tax Separately Considered	1,00,000	50,000
Opening Balance	2,56,80,367	1,29,40,112
Total	<u>10,59,270</u>	<u>(1,26,90,255)</u>

SCHEDULE NO. 17**PURCHASE OF FIXED ASSETS & CHANGES****IN CAPITAL WORK IN PROGRESS**

Purchase of Fixed Assets other than Motor Car	(49,68,489)	(44,84,011)
Less: Opening Capital Work in Progress	20,19,269	21,48,220
Add: Closing Work in Capital	(39,69,222)	(20,19,269)
Total A	<u>(69,18,442)</u>	<u>(43,55,060)</u>
Purchase of Motor Car	(8,53,203)	(4,76,273)
Less: Sale Proceeds of Motor Car	2,90,000	1,37,500
Total B	<u>(5,63,203)</u>	<u>(3,38,773)</u>
Total A+B	<u>(74,81,645)</u>	<u>(46,93,833)</u>

SCHEDULE NO. 18**INVESTMENTS IN SECURITIES INCLUDING TERM**

Balance as per Balance Sheet	(81,99,073)	(1,11,24,666)
Less: Purchases Made during the year	(9,13,08,646)	(4,39,06,730)
Add: Sale of Investments	10,06,93,395	4,53,06,915
Opening balance Considered	1,11,24,666	1,13,34,628
Total	<u>1,23,10,341</u>	<u>16,10,147</u>

SCHEDULE NO. 19

NOTES TO ACCOUNTS

1 Details of Licensed/ Installed capacity and actual production during the year.

Licensed Capacity	Not Applicable
Installed Capacity	60000 Metric Tonnes Per Annum.
Actual Production - Own	39679.811 Metric Tonnes
- Custom Milling	7611.424 tonnes (41979.858 Metric Tonnes)

2 Wheat Products

	Opening Stock(Mts)		Closing Stock (Mts.)	
	Current Year	Previous Year	Current Year	Previous Year
Maida	391.815	512.705	413.225	391.815
Sooji	0.185	53.418	100.915	0.185
Atta	201.590	95.265	145.825	201.590
Bran Rough	135.333	14.015	77.796	135.333
Bran Flakes	90.950	22.848	54.893	90.950

(Amount in Rs.)

3 a) Value of raw material consumed

	Imported	Indigenous	Total
During The Year	0	447194,506	447194506
Percentage	0	100	100
Previous Year	0	381971,920	381971920
Percentage	0	100	100

b) Value of spare parts and components consumed

	Imported	Indigenous	Total
During the year	0	260,000	260000
Percentage	0	100	100
Previous year	0	373336	373336
Percentage	0	100	100

c) Sales

(Quantity in metric tonnes)

	For the year ended 31.03.2007		For the year ended 31.03.2006	
	Quantity	Amount	Quantity	Amount
Domestic Sales				
1) Maida	19405.325	260609913	19802.785	228896961
2) Sooji	5126.815	74547694	6252.388	73284649
3) Atta	7828.330	104141537	6113.935	64786128
4) Rough Bran	7944.960	54439754	7468.621	48418206
5) Bran Flakes	3803.988	24998242	3862.738	23304012
6) Others	2011.411	8344797	906.941	932691
7) Wheat	2387.225	39930034	3882.751	38298287
Total	48508.054	567011971	48290.159	477920934

Annual Report 2006 - 2007

d) Raw Material Consumed (Quantity in metric tonnes)	For The Year Ended 31.03.2007		For The Year Ended 31.03.2006	
	Quantity	Amount	Quantity	Amount
Opening Stock	1893.878	18759611	3994.572	34752776
Add : Purchases	43449.627	508231159	43761.915	404172565
Total	45343.505	526990770	47756.487	438925341
Less : Cost of Wheat Sold	2387.225	37759167	3882.751	38193810
Total	2387.225	489231603	43873.736	400731531
Less : Closing Stock	3276.469	42037097	1893.878	18759611
Wheat Consumed	39679.811	447194506	41979.858	381971920

Particulars	For the Year 2006-07	For the Year 2005-06
4 Capital work remaining to be executed	3969222	2019269
5 Earnings in foreign exchange Export Sales	NIL	NIL
6 a) Expenditure in foreign currency during the financial year on account of royalty, professional consultancy fees, know how etc	NIL	NIL
b) Travelling expenses	Rs.59,250 Euro 1,000	Rs. 66,600 US \$ 1,500 Rs. 64,386 AED 5110
c) Value of import of machinery on CIF Basis	NIL	NIL
d) Others contract negation charges	NIL	NIL

7 Land & Building:

- During the earlier year the company has constructed the factory on free hold land measuring 6693 sq mtrs at No.39-A2 Hosakote Industrial Area, Chokkahally, Hosakote - 562 114.
- During the year 2000 - 2001 the company purchased 4745 Sq Mtrs at Plot No. 8D, Kadugodi Industrial Area, Krishna RajaPuram Taluk, Bangalore South District.
- During the year 2000 - 2001, the company has purchased land at Plot No. 4-c, Hosakote, Bangalore Rural District measuring 8071 Sq Mtrs together with Building and Structures for Rs. 27,00,000 from Karnataka State Financial Corporation.
- In the earlier year the company purchased vacant sites at No.38 & 39 to the extent of 3729 Sq ft at Chokkahally Kasbha, Hosakote, Bangalore Rural District for Rs. 1,06,970 and has constructed a residential Building.
- During the year 2004-2005, the company has purchased land at Mavalli Village Sy No. 535, Marasur Village, Kasaba Hobli, Anekal Taluk Bangalore District measuring 2620 Sq Feet for Rs. 4,22,025/-

8 Investment in Residential Flat

In the earlier year the company purchased and taken possession of 830 Sq. ft of residential flat at WH 204, II Floor, Dharma Block, Sai Gardens, Whitefield, Bangalore and disclosed it as investments in immovable Property as the company is not intended to be occupied substantially for use by, or in the operations of the company.

9 The liability towards gratuity has been insured with LIC, under the Group Gratuity Scheme. Company has not provided the Gratuity on Actuarial valuation as required by AS - 15. management of the opinion that company has adequate reserves to discharge the liability when it arise.

10. Segment Reporting

As per Accounting Standard - 17 "Segmental Reporting" issued by the Institute of Chartered Accountants of India, that the company should report information based on Business Segment and Geographic Segments. It is the perception of the management that there is only one segment and it is viewed as a whole. However information is disclosed to the extent possible.

The company's operation relate to trading in wheat and manufacturers and traders of wheat products.

A) Business Segment:

Particulars	Trading in wheat (Rs)		Manufacturing and Trading trading in wheat products (Rs.)		Total (Rs.)	
	Current Yr.	Previous Yr.	Current Yr.	Previous Yr.	Current Yr.	Previous Yr.
Segmental Revenue	39930034	38298287	527199076	440844339	567129110	479142626
Segmental Results	2170867	104477	936092	11024630	3106959	11129107
Add: Unallocated Income					24377883	14898280
					27484842	26027387
Less: Unallocable corporate expenses						
Admn., selling and dist. expenses					15196478	14962273
Financial charges					10526375	9472087
Profit before taxation					1761989	1593026
Provision for taxation						
Current Tax					(155000)	(30000)
Deferred Tax					(209231)	256501
Fringe Benefit Tax					(176177)	(199170)
Excess provision of fringe benefit tax of 05-06					15041	0
Profit after tax					1236622	1620357
Particulars	Trading in wheat (Rs)		Manufacturing and trading in wheat products (Rs.)		Total (Rs.)	
	Current Yr.	Previous Yr.	Current Yr.	Previous Yr.	Current Yr.	Previous Yr.
Segmental Assets						
Fixed Assets			48702558	47121943	48702558	47121943
Capital Work in Progress			3969222	2019269	3969222	2019269
Inventory			55303281	30424707	55303281	30424707
Cash & Bank Balances			5630863	3617728	5630863	3617728
Segmental Liabilities						
Secured Loans			91288819	78877559	91288819	78877559
Un Secured Loans			779271	510000	779271	510000

Annual Report 2006 - 2007

Manufacturing and Particulars	Trading in wheat (Rs)		trading in wheat products (Rs.)		Total (Rs.)	
	-Current Yr.	Previous Yr.	Current Yr.	Previous Yr.	Current Yr.	Previous Yr.
Unallocated segmental assets						
Investments					8199073	11124666
Debtors					37179486	40393478
Loans & Advances					24721097	25680367
Unallocated Segmental Liabilities						
Current Liabilities					18385034	9187994

Note: a) Income and expenditure not allocable on to any business segment directly, have been classified as Unallocated.
b) It is the perception of the management that unallocated assets and liabilities are those which are not possible to be appropriately identified to any particular business segment, in view of their interchangeability between segments

B) Geographic Segment

Particulars	Karnataka		Others		Total	
	Current Yr.	Previous Yr.	Current Yr.	Previous Yr.	Current Yr.	Previous Yr.
Segment Revenue	532682081	462271340	34447029	16871286	567129110	479142626
Unallocated Revenue					24377883	14898280
Total Revenues					591506993	494040906
Segmental Assets	33171849	36707616	4007637	3685862	37179486	40393478
Unallocated Assets					146526094	119988680
Total Assets					183705580	160382158

11 Related party disclosure

As required under "Accounting Standard - 18", issued by the institute of chartered Accountants of India, the company has disclosed the transactions with related parties, effected during the year ended 31st March 2007

Name of the Party	Relationship	Nature of transaction	Amount(Rs.)
Mr. Pramod Kumar S.	Executive Director	Opening Balance - Dr	Nil
		Funds received	2200000
		Funds Transferred	2680000
		Sale of Shares	455862
		Expenses incurred	51085
		Closing Balance (Dr)	986947
Mr. B. Shantilal	Managing Director	Opening Balance -Cr	510000
		Funds received	500000
		Funds Transferred	312823
		Payments made	30729
		Interest paid	112823
		Closing Balance (Cr)	779271

Sunil Agro Foods Limited

Name of the Party	Relationship	Nature of transaction	Amount(Rs.)
Sunil S Jain	Director	Funds Transferred	300000
		Funds received	300000
Mrs. Pinky Jain	Spouse of Mr. Pramod Kumar S.	Funds Transferred	200000
		Funds received	200000
		Closing Balance	Nil
Belgaum Roller Flour Mills Private Limited	Under the control of the same management	Opening Balance - Cr	0
		Funds Transferred	37462485
		Funds received	36190110
		Payments made on behalf of us	1000000
		Payments made by us	1130221
		Miscellaneous Dr.	4699
		Sales Made	196500
		Interest charged by Belgaum	123300
		Purchase of Wheat Products	1342490
		TDS Deducted	27669
		Closing Balance - Dr	165674
Brindavan Roller Flour Mills Private Limited	Under the control of the same management	Opening Balance - Dr	8074723
		ICD	
		Funds Transferred	1660000
		Funds received	11131526
		TDS Receivable	369044
		Sales	2925185
		Discount given	10828
		Interest	109222
		Closing Balance - Dr	1257732
		Opening Balance ICD - Dr.	2500000
		Interest receivable	375000
Closing Balance - Dr	2875000		
Pushkar Investments (P) Ltd.,	Under the control of the same management	Opening Balance - Dr	899010
		Sales made	6866740
		Pymt received	6977118
		Expenses Incurred by us	918
		Closing Balance - Dr.	789550
Brindavan Softland (P) Ltd.,	Under the control of the same management	Opening Balance - Dr	5147509
		Funds Transferred	4762369
		Funds received	1600000
		Other Debits	3848
		Custom Milling Charges	2954488
Closing Balance - Dr.	5359238		

Sunil Agro has given guarantee for Rs.48,00,000,- to bank for loan taken by the Brindavan Softland Private Limited

Annual Report 2006 - 2007

Name of the Party	Relationship	Nature of transaction	Amount(Rs.)
Sunil AG	One of the partners is Director of the Company	Opening Balance - Dr	5900
		Sales made	1506081
		Payment Received	1224690
		Discount given	2316
		Closing Balance - Dr.	284975

12 Earnings per share

Earnings per share is calculated as per Accounting Standard 20, issued by the Institute of Chartered of India. The net Profit considered for calculation of basic earnings per share before tax is Profit - Rs. 1761989 (P Y Rs.15,93,227.)

Earnings per share is calculated as per Accounting Standard 20, issued by the Institute of Chartered of India. The net Profit considered for calculation of basic earnings per share after tax is Profit - Rs. 1236622 (P Y Rs.16,20,555/-)

Particulars	06 — 07	05 — 06
Weighted Average number of equity shares used in the calculation of basic earnings per share	3002900	3002900

13 Accounting for Taxes on Income

Consequent to the standard on "Accounting for Taxes on Income" (Accounting Standard 22) becoming mandatory with effect from 1st April 2001, the company has recorded and adjustment of Rs 2.092 Lakhs as a deduction from the Profit & Loss Account. Deferred Tax balance as at 31st March 2007 of Rs. 43.744 lakhs is disclosed as a liability.

The details are as follows:

Opening Balance - Liability	Amount (In Rs)
	4165,199
Less: Liability to be created during the year	(209,231)
Total Deferred Tax Liability	<u>4374,430</u>

14 Auditor's Remuneration:

The breakup of Auditor's remuneration is as follows:

Particulars	2006 - 2007	2005 - 2006
Statutory Audit fee	60,000	60,000
Other Services	35,000	35,000
Expenses (including Service Tax)	15,078	21,398
Total	<u>1,10,078</u>	<u>1,16,398</u>

15 Managerial Remuneration :

Remuneration paid/payable to managerial personnel

Name	Relationship	Year ended 31st March	
		2006 - 2007	2005 - 2006
Mr. B Shantilal	Managing Director	390000	325000
Mr. Pramod Kumar Jain	Executive Director	650000	650000
Mrs. Kamala Bai	Director	41167	98475
Mr. Sunil S. Jain	Director	94792	-
Contribution to Provident Fund for all the directors		130260	118872
Market Value of Perquisite provided to all the directors		153008	174959
Total		<u>1459226</u>	<u>1367306</u>

Remuneration does not include the gratuity premium paid to LIC.

16 Obligations on Long term, non - cancellabl Operating Lease:

16.1 As Lessor

The Company has non cancelable operating lease with Bahrathi Mobile for letting the terrace space of the factory building for erecting the mobile tower.

The brief description of the agreement are as follows:

- Lease agreement entered on 1st July 1996 was expired on 30th June 2006
- The above agreement is renewed for another ten years from 1st July 2006 to 30th June 2016 for the following terms & conditions.
- Lease rental charges of Rs.13,960/- per month from 1st July 2006 onwards.
- Lease rentals will be enhanced by 10% on the last paid rent for every completed three years.

Lease rental commitments from Bharathi Mobile is

Lease Rentals

	As at March 31	
	2007	2006
With in one year of Balance Sheet date	180596	241666
One year to Five years	883668	-
After Five year to till the end of the lease period	877135	-

The particulars of Assets leased are as follows:

17 Contingent Liabilities

Amount (In Rs)

17.1 Particulars

The Company has given guarantee in respect of loan taken by Brindavan Softland Private Limited in which directors are interested. 48,00,000

17.2 During the earlier year the company has filed the suit against five parties for recovery of Rs:9,69,095. Case is still pending in the court. Since outcome of the results as on the balance sheet is not known provision on the same is not made.

17.3 The following guarantees are given by the bank to the parties on behalf of the company

Name of the Bank	Party to whom the guarantee given	Amount (In Rs.)
Karnataka Bank	Britannia Industries Limited	8892320
Karnataka Bank	MGASC Southern Command Pune	2999900

18 Based on the information available with the company, there is no due to Small Scale Undertaking in excess of Rs.1,00,000/- and outstanding for more than 30 days.

Based on the information available with the company, there are no suppliers who are registered as micro, small or medium enterprises as per the Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March 2007.

19 The following table provides the disclosure in accordance with Accounting Standard 29 Provisions and Contingencies:

Particulars	Balance as on 1st April 2006	Additions during the year	Amount used/paid during the year	Unspent amount reversed During the year	Balance as at 31st March 2007
Provision for Fringe Benefit Tax	199170	176177	315919	15041	44387

20 Figures in the bracket relates to previous year.

21 Previous figures have been reclassified/ regrouped wherever necessary to confirm to current year presentation.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956

I. Registration Details

Registration Number	8861
State Code	8
Balance Sheet Dated	31-03-2007

II. Capital Raised During the Year

(Amount in
Thousands)

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placements	Nil

III. Position of Mobilisation and Development of Funds

(Amount in
Thousands)

Total Liabilities	165321
Total Assets	165321

SOURCE OF FUNDS

Paid Up Capital	30029
Reserves and Surplus	38849
Secured Loans	91289
Unsecured Loans	779
Deferred Tax Liability	4375

APPLICATION OF FUNDS

Net Fixed Assets	48703
Capital Work in Progress	3969
Investments	8199
Net Current Assets	104450
Miscellaneous Expenditure	Nil

IV. Performance of Company

Turnover (Gross Value)	592900
Total Expenditure	591138
Profit Loss Before Tax	1762
Profit Loss After Tax	1237
Earnings Per Share (Rs.)	0.41
Dividend(%)	Nil

V. Generic Names of Three Principal Products

Services of the Company (as per monetary terms)	
Items Code No. (ITC Code)	100190-02
Product Description	Wheat Products

Sunil Agro Foods Limited

Regd. Off: 39-A2, Hosakote Industrial Area, Chokkahalli, Hoskote - 562 114

ATTENDANCE OF SLIP FOR ANNUAL GENERAL MEETING

(Only shareholder/proxy is allowed to attend the meeting)

(Please fill in this attendance slip and hand it over at entrance of the meeting hall)

Member Folio Number :

No. of Shares held :

Name & Address of the Shareholders (in Block letters)

Name of the Proxy holder (in Block letter)

I hereby record my presence at the NINETEENTH ANNUAL GENERAL MEETING of the Members of the Company, being held on Wednesday, the 5th September 2007, at Bharatiya Vidya Bhavan, Race Course Road, Bangalore - 560 001, at 11-00 a.m.

.....
Signature of the Member/Proxy

Note: Shareholder/Proxy should bring his/her copy of Annual Report for reference at the meeting.

Sunil Agro Foods Limited

Regd. Off: 39-A2, Hosakote Industrial Area, Chokkahalli, Hoskote - 562 114

PROXY FORM

Member Folio Number :

No. of Shares held :

I/We

of in the district of

being a member/members of Sunil Agro Foods Limited, hereby appoint

..... in the district of failing him/her

..... of in the district of

..... as my/our proxy to attend

for me/us and vote on my/our behalf at the Nineteenth Annual General Meeting of the Company, to be held at 11-00 a.m. on Wednesday, the 5th September 2007, and at any adjournment(s) thereof.

Signed this.....day of.....2007

Signature

Affix One
Rupee
Revenue
Stamp

Note: The Proxy must be lodged, at the Registered Office of the Company, not less than 48 hours before the commencement of the aforesaid meeting. The proxy need not be a member of the Company.

BOOK-POST

If undelivered, please return to :

SUNIL AGRO FOODS LIMITED

No. 1/104, Ahuja Chambers,

Kumara Krupa Road,

Bangalore - 560 001.