

# 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

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**SUNIL AGRO FOODS LIMITED**

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

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**NOTICE**

NOTICE is hereby given that the TWENTY 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

<b>Name of the Company</b>	<b>Committee</b>	<b>Status</b>
Sunil Agro Foods Limited	Audit Committee	Member
Sunil Agro Foods Limited	Remuneration Committee	Member

<b>Name of the Company</b>	<b>Committee</b>	<b>Status</b>
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		
1) Power and Fuel Consumption L		
i) Electricity:		
a) Purchase Unit	2930596	2717430
b) Total Amount (Rs)	15125383	13321187
c) Rate Per Unit (Rs)	5.16	4.90
ii) 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	Rs. 47025/- USD \$ 1000
		2355 Swiss Francs	Rs. 24150/-
	c) Import of Machinery	1000 Australian Doller	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**

- 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 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
Promoters	2100676	69.95
Persons acting in concert	60500	2.01
Institutional Investors	40000	1.33
Others	801724	26.70
<b>TOTAL</b>	<b>3002900</b>	<b>100.00</b>

**9) Dematerialized of Shares :**

Particulars	Shares	Percentage	No. of Shareholders
Physical mode	197460	6.58	580
Electronic Mode	2805440	93.42	604
<b>TOTAL</b>	<b>3002900</b>	<b>100.00</b>	<b>1184</b>

**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.

**e) Internal Control System:**

The Company has effective control system commensurate with its operations. The Company has internal audit system through outside agency with qualified Chartered Accountant, 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 programme both internally and externally for employees at all levels to improve the skills and overall development. Employees relations at all the level continuous to remain cordial.

By order of the Board  
For Sunil Agro Foods Limited,

Place: Bangalore  
Date: 30th July, 2011

B Shantilal  
Managing Director

Pramodkumar S.  
Executive Director

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**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. To the best of our knowledge & belief no transactions were entered into by the Company during the year ended March 31, 2011 are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting 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.
  - i) There has not been any significant change in internal control during the year;
  - ii) There has not been any significant change in Accounting Policies during the year requiring disclosure in the notes to the financial statements; and
  - iii) We are not aware of any instances during the year of significant fraud, with involvement therein, of the Management or any employee having a significant role in the Company's internal control system over financial reporting.

Place : Bangalore  
Date : 30th July, 2011

B. Shantilal  
Managing Director

Pramodkumar S.  
Executive Director

SECRETARIAL COMPLIANCE CERTIFICATE

Registration No. of the  
company{CIN}:L01111KA1988PLC008861  
Nominal Capital: Rs. 3,50,00,000  
Paid up Capital: Rs. 3,00,29,000

To:  
The Members  
Sunil Agro Foods Limited  
Bangalore

I have examined the registers, records, books and papers of Sunil Agro Foods Limited, (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on the 31st March, 2011. In my opinion and to the best of my information and according to examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under (beyond the time prescribed with additional fee).
3. The Company being a Public Limited Company, has the minimum prescribed paid-up capital as per the provisions of Companies Act, 1956 and the provisions of the Act do not prescribe maximum number of members for such a Public Limited Company.
4. The Board of Directors duly met 5 {Five} times from 1.4.2010 to 31.3.2011 on the following dates 28.04.2010, 31.07.2010, 29.10.2010, 09.11.2010 and 29.01.2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members on 06.09.2010 and necessary compliance of Section 154 of the Act had been made.
6. The Annual General Meeting for the financial year ended on 31.3.2010 was held on 06.09.2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has entered into contracts falling within the purview of Section 297 of the Act during the year and approval of the Ministry of Corporate Affairs has been sought.
10. During the financial year, the Company has made the required entries in the register maintained under Section 301 of the Act.
11. As there was no instance falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate Share Certificates during the financial year.
13. The Company:
  - (i) has delivered all the certificates on lodgment thereof for transfers/transmission or any other purpose in accordance with the provisions of the Act;
  - (ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - (iii) has not required to post warrants to any member of the Company as no dividend was declared during the financial year.
  - (iv) has not transferred funds to the Investor Education and Protection Fund.
  - (v) has duly complied with the requirement of Section 217 of the Act.
14. There were changes in the composition of the Board during the year.
15. The Board of Directors of the Company is duly constituted.
16. The Company appointed Executive Director during the financial year.
17. The Company has not appointed any Sole Selling Agents during the financial year.
18. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
19. The Directors have disclosed their interests in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.

- |  |   |
|--|---|
| <p>20. The Company has not issued any Shares, Debentures or other Securities during the financial year.</p> <p>21. The Company has not bought back any Shares during the financial year.</p> <p>22. There was no redemption of Preference Shares or Debentures during the financial year.</p> <p>23. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.</p> <p>24. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.</p> <p>25. The Company's borrowings during the financial year ended 31.3.2011 were in compliance with the Act.</p> <p>26. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.</p> <p>27. The Company has not altered the provisions of the Memorandum of Association with respect to the situation of the Company's Registered Office from one State to another during the year under scrutiny.</p> <p>28. The Company has not altered the provisions of the</p> | <p>Memorandum with respect to the objects of the Company during the year under scrutiny.</p> <p>29. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.</p> <p>30. The Company has not altered the provisions of the Memorandum with respect to the Share Capital of the Company during the year under scrutiny.</p> <p>31. The Company has not altered its Articles of Association during the financial year.</p> <p>32. There were no prosecutions initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.</p> <p>33. The Company has not received any money as security from its employees during the financial year.</p> <p>34. Section 418 of the Act relating to provisions applicable to Provident Funds of employees is not applicable to the Company.</p> |
|--|---|

Place: Bangalore  
Date: 30th July, 2011

Vijayakrishna K T  
FCS - 1788  
CP - 980

**ANNEXURE-A**

Following were the register maintained by the Company:

- Register of Directors
- Register of Members
- Register of Disclosures of Interests
- Register of Transfers
- Register of Directors Shareholding
- Register of Contracts
- Minutes of the Meetings of the Board and Shareholders

**ANNEXURE- B**

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March 2011:

Sl. No.	Form No./ Return	Field under section	For	Date of Filing	Whether filed within the Prescribed time Yes/No	if delay in filing whether requisite additional fee paid Yes/No
1.	Form 23AC & Form 23ACA	220	Annual Accounts	18.11.2010	No	Yes
2.	Form 20B	159	Annual Return	27.10.2010	Yes	No
3.	Form 66	383A	Compliance Certificate	18.11.2010	No	Yes
4.	Form 25C	269(2)	Appointment of Managing Director	17.11.2010	No	Yes
5.	Form 25C	269(2)	Appointment of Managing Director	09.11.2010	Yes	No
6.	Form 32	303(2)	Change in Directors	17.11.2010	Yes	No
7.	Form 23	192	Registration of Resolution and Agreement	27.10.2010	No	Yes

**AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF  
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS**

To

The Members of  
SUNIL AGRO FOODS LIMITED  
Bangalore

I have examined the compliance of conditions of Corporate Governance by Sunil Agro Foods Limited for the year ended 31st March, 2011 as stipulated in Clause 49 of the Listing Agreements of the said Company with Bombay Stock Exchange Limited, Mumbai(BSE) in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to the 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 the opinion on the financial statements of the Company.

In my opinion, and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

I state that in respect of investor grievances received during the year ended 31st March 2011, no investor grievances are pending against the Company as on 31st March 2011, as per the records maintained by the Company and presented to the Transfer/Shareholders' Grievances Committee.

I 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.

Place: Bangalore  
Date: 30th July, 2011

Vijayakrishna K T  
FCS - 1788  
CP - 980

**MSSV & CO.**

Chartered Accountants

No. 63/2, Second Floor, Above Canara Bank,  
Railway Parallel Road, Kumara Park West,  
Bangalore - 560020

Ph: 23565065, 23565068, 23565073,

Telefax: 23565076 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 March 31, 2011 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. **4.1 As per Accounting Policy number.8 the Company has valued the investments at cost. As on March 31, 2011 there is a fall in the value of investments. The Company has not made provision for fall in the value of investments to the extent of Rs. 29.75 lakhs and profit is overstated to the same extent.**  
**4.2 As per Accounting Policy Number 9.1, the company has to value the liability for gratuity on actuarial basis. But, during the financial year company has not made the provision for gratuity which is contrary to accounting policy and accounting standard – 15(revised) – 'Employee Benefits' which requires the liability for gratuity need to be provided on actuarial basis. The effect of non provision for liability for gratuity on financial statements is not ascertainable since the relevant information is not readily available.**
5. Further to our comments above, we report that:
  - 5.1 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.
  - 5.2 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;
  - 5.3 The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - 5.4 Subject to the observation referred in Para 4 above, 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;
  - 5.5 On the basis of written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
6. Subject to our comments as referred in Para 3 and 4 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 the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
  - (b) in the case of the Profit and Loss Account, of the Profit of the Company for the year then ended on that date; and
  - (c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For MSSV & CO.**  
**Chartered Accountants**  
**Firm Reg. No. 0019875**Place : Bangalore  
Date : 30th May, 2011D. 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 particulars of fixed assets and has been updated.
  - 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. As informed, no material discrepancies were noticed on such physical verification.
  - c) The company has not disposed off substantial part of fixed assets during the year and therefore do not affect the going concern assumption.
2. In respect of its inventories:
  - a. As explained to us, inventories have been physically verified by the management during the year. 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 is maintaining proper records of inventory. 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. As informed, during the year, the company has not granted any loans, secured or unsecured to companies, firms and other parties covered under register maintained under Section 301 of the Companies Act, 1956. Hence commenting on Paragraph 3(a) to 3(d) of the said order does not arise.
  - b. During the year, company has taken loan from three parties amounting to Rs.36.24 Lakhs and repaid to the extent of Rs.54.04 Lakhs to
- three parties. The maximum balance outstanding at any time during the year was Rs.83.62 lakhs. The year-end balance of loans taken from such parties was Rs.51.71Lakhs.
- c. 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.
- d. In respect of loans taken by the Company the payment of principal and interest is as per the understanding with the parties.
4. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. In respect of transactions covered under section 301 of the Companies Act, 1956;
  - a. According to the information and explanations provided by the management, we are of the opinion that the particulars of transactions made in pursuance of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
  - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five lakhs has been entered into during the financial year at a price which is reasonable having regard to prevailing market prices at the relevant time.
6. During the year, Company has not accepted any deposits from the public. Hence commenting on the compliance of Section 58A and 58AA of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules 1975 does not arise.
7. In our opinion, the Company has an internal audit function commensurate with the size and nature of its business.



8. To the best of our Knowledge and as explained, the central government has not prescribed maintenance of Cost Records under clause (d) subsection (1) of section 209 of the Companies Act, 1956 for the products of the company.
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, Service Tax, Income Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues have been generally regularly deposited with the appropriate authorities.
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty, provident fund, investor education and protection fund, Employees state insurance, service tax and cess and other undisputed statutory dues were outstanding, at the year end, for the period of more than six months from the date they became payable.
- c. According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty, cess and service tax which have not been deposited on account of any dispute.
10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. In our opinion 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 the banks.
12. According to the information and explanations given to us and based on the records produced to us, Company has not granted loans and advances 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 Paragraph 4 (xiii) of the Companies (Auditor's 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.
  - Investments are in the companies own name.
15. According to information given to us and based on the records and documents produced to us, during the financial year, company has not given guarantee for loan taken by others from banks or financial institutions. Hence commenting on the prejudicial to the interest of the company does not arise.
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, we report that no funds raised on short-term basis have been used for long-term investment.
18. 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. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that no fraud on or by the company has been noticed during the course of our audit.

For **MSSV & CO.**  
**Chartered Accountants**  
Firm Reg. No. 001987S

Place : Bangalore  
Date : 30th May, 2011

D. R. Venkatesh  
Partner  
Membership No. 25087

## BALANCE SHEET AS AT 31st MARCH 2011

PARTICULARS	Sch. No.	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
<b>SOURCE OF FUNDS</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Equity Share Capital	1	3,00,29,000	3,00,29,000
Reserves & Surplus	2	5,50,98,795	5,06,24,382
<b>Total</b>		<u>8,51,27,795</u>	<u>8,06,53,382</u>
<b>LOAN FUNDS</b>			
Secured Loans	3	9,10,05,092	9,18,09,746
Unsecured Loans	4	51,70,987	70,85,793
<b>Total</b>		<u>9,61,76,079</u>	<u>9,88,95,539</u>
Deferred Tax Liability		49,24,579	45,17,330
<b>Total Sources</b>		<u>18,62,28,453</u>	<u>18,40,66,251</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>	5	12,42,05,813	11,03,14,463
<b>Less:</b> Accumulated Depreciation		6,40,98,097	5,96,43,122
Net Book Value		6,01,07,716	5,06,71,341
<b>Add:</b> Capital Work-in Progress including capital Advances	6	17,00,000	66,15,370
<b>Total</b>		<u>6,18,07,716</u>	<u>5,72,86,711</u>
<b>INVESTMENTS</b>			
Immovable Properties	7	28,45,309	28,27,629
Investment in Securities		38,19,386	41,43,015
<b>Total</b>		<u>66,64,695</u>	<u>69,70,644</u>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	8	5,49,54,540	7,92,34,977
Sundry Debtors		5,87,00,040	49,74,1615
Cash & Bank Balances		20,12,081	40,95,519
Loans & advances		3,38,41,583	2,65,50,774
Gross Current Assets		14,95,08,245	15,96,22,885
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>	9		
Current Liabilities		2,79,56,109	3,67,83,632
Provisions		37,96,095	30,30,357
<b>Total</b>		<u>3,17,52,204</u>	<u>3,98,13,989</u>
<b>NET CURRENT ASSETS</b>		<u>11,77,56,041</u>	<u>11,98,08,896</u>
<b>Total Applications</b>		<u>18,62,28,453</u>	<u>18,40,66,251</u>
<b>Accounting Policy &amp; Notes to Accounts</b>	19		
Schedules 1 to 9 and 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  
Firm Reg. No. 001987S

For and on Behalf of the Board of Directors

**D.R. Venkatesh**  
Partner  
Membership No. 25087

**B. Shantilal**  
Managing Director

**Pramodkumar S.**  
Executive Director

**Place: Bangalore**  
**Date : 30th May, 2011**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011**

PARTICULARS	Sch. No.	For the Year ended 31.03.2011 (Rs.)	For the Year ended 31.03.2010 (Rs.)
<b>Revenues</b>			
Sales	10	74,89,87,373	69,28,72,588
Other Income	11	<u>1,67,37,731</u>	<u>1,40,49,159</u>
<b>Total</b>		<u>76,57,25,104</u>	<u>70,69,21,747</u>
<b>Cost of Revenue</b>			
Decretion / (Accretion)to Inventory	12	34,53,143	(27,11,087)
Operating Expenses	13	72,06,90,117	67,16,25,919
Administrative, Selling and Distribution Expenses	14	2,00,42,703	1,85,13,334
Depreciation	5	46,99,412	44,34,686
Foreign Exchange Loss / (Income)		<u>1,01,849</u>	<u>(7,38,805)</u>
<b>Total</b>		<u>74,89,87,224</u>	<u>69,11,24,047</u>
Profit before Interest & Income Taxes		1,67,37,880	1,57,97,700
Interest Expenses	15	<u>1,07,46,218</u>	<u>1,05,22,949</u>
<b>Profit before Taxes</b>		<u>59,91,662</u>	<u>52,74,751</u>
Income Tax Expenses		(11,10,000)	(9,00,000)
Deferred Tax Asset / ( Liability)		(4,07,249)	7,25,424
Fringe Benefit Tax, net of reversal		-	(1,035)
<b>Profit after Tax</b>		44,74,413	50,99,140
Add: Balance brought forward		<u>2,87,91,182</u>	<u>2,36,92,042</u>
Profit available for appropriations		<u>3,32,65,595</u>	<u>2,87,91,182</u>
Balance in Profit and Loss Account		<u>3,32,65,595</u>	<u>2,87,91,182</u>
Balance carried to Balance Sheet		<u>3,32,65,595</u>	<u>2,87,91,182</u>
<b>Earning Per Share</b>			
<b>Equity Share of Par Value of Rs.10/- Each</b>			
Basic earning per share - Before Tax (In Rs)		2.00	1.76
Basic earning per share - After Tax (In Rs)		1.49	1.70
Number of Shares used in computing earning per share		30,02,900	30,02,900

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

For MSSV & CO,  
Chartered Accountants  
Firm Reg. No. 001987S

**For and on Behalf of the Board of Directors**

**D.R. Venkatesh**  
Partner  
Membership No. 25087

**B. Shantilal**  
Managing Director

**Pramodkumar S.**  
Executive Director

**Place: Bangalore**  
**Date : 30th May, 2011**

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011

PARTICULARS	Sch No	For the Year ended	
		31.03.11	31.03.10
<b>A. Cash from Operating Activities</b>			
Net profit before tax		59,91,662	52,74,751
Adjustments for:			
Depreciation	5	46,99,412	44,34,686
Interest Expenses		1,07,46,218	1,05,22,949
Loss on Sale of Assets		1,33,207	0
Loss on Sale of Securities		53,582	39,793
Interest on FD/ Other deposits		(2,51,293)	(5,56,880)
Dividend received		(4,251)	(10,551)
		1,53,76,875	1,44,29,997
Operating Profit before Working Capital Changes		2,13,68,537	1,97,04,748
<b>Adjustments for:</b>			
(Increase) / decrease in Sundry Debtors		(89,58,425)	(23,60,246)
(Increase) / decrease in Inventory		2,42,80,437	(2,62,57,469)
(Increase) / decrease in Loans and advances	16	(68,40,809)	72,98,574
Increase / (decrease) in Current Liabilities & Provisions		(88,27,523)	(25,84,692)
<b>Cash Generated from Operating Activities</b>		2,10,22,216	(41,99,085)
Tax Expenses		(7,94,262)	(1,50,000)
Interest (Paid)		(1,07,46,218)	(1,05,22,949)
<b>Net Cash (used in) Operations</b>		94,81,736	(1,48,72,034)
<b>B. Cash Flows from Investing Activities</b>			
Purchase of Fixed Assets and Change in Capital Work in Progress	17	(93,53,625)	(52,54,124)
Sale / (Purchase) of Investments - net (Non Trade)	18	2,52,367	(15,89,277)
Maturity / (Investment) in Fixed Deposits		9,14,696	(1,87,117)
Interest on Fixed / Other Deposits Received		2,51,293	5,56,880
Dividend Received		4,251	10,551
Net Cash from Investing Activity		(79,31,018)	(64,63,087)
<b>C. Cash Flows from Financing Activities</b>			
Proceeds (Repayment) from borrowing		(27,19,460)	2,15,03,901
<b>Net Cash (Used in) Financing Activities</b>		(27,19,460)	2,15,03,901
<b>Net decrease in Cash &amp; Cash Equivalents (A+B+C)</b>		(11,68,742)	1,68,780
Cash & Cash equivalents at the beginning of the year		26,93,689	25,24,908
Cash & Cash equivalents at the end of the year		15,24,947	26,93,689
Accounting Policy & Notes to Accounts	19		

Schedules 5, 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  
Firm Reg. No. 001987S

For and on Behalf of the Board of Directors

**D.R. Venkatesh**  
Partner  
Membership No. 25087

**B. Shantilal**  
Managing Director

**PramodKumar S.**  
Executive Director

Place: Bangalore  
Date : 30th May, 2011

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
<b>SCHEDULE NO. 1</b>		
<b>SHARE CAPITAL</b>		
Authorised Capital		
35,00,000 Equity Shares of Rs.10/- each (35,00,000 Equity Shares of Rs.10/- each)	3,50,00,000	3,50,00,000
<b>Total</b>	<b>3,50,00,000</b>	<b>3,50,00,000</b>
Issued, Subscribed and Paidup Capital		
30,02,900 Equity Shares of Rs.10/- each (30,02,900 Equity Shares of Rs.10/- each)	3,00,29,000	3,00,29,000
<b>Total</b>	<b>3,00,29,000</b>	<b>3,00,29,000</b>

### SCHEDULE NO. 2

<b>RESERVES &amp; SURPLUS</b>		
Securities Premium	2,18,33,200	2,18,33,200
Profit & Loss Account	3,32,65,595	2,87,91,182
<b>Total</b>	<b>5,50,98,795</b>	<b>5,06,24,382</b>

### SCHEDULE NO. 3

<b>SECURED LOANS</b>		
<b>From Bank</b>		
- Term Loan *	16,58,748	22,46,530
- Vehicle Loan *	4,30,159	5,73,628
- Bank Overdraft	8,89,16,185	8,39,87,515
- Other short - term loans	-	5002073
Interest Accrued and due on the above Loan	-	-
<b>Total</b>	<b>9,10,05,092</b>	<b>9,18,09,746</b>

\* Includes loan payable with in one year amounting to Rs.8,91,316/- ( Previous year Rs.10,99,035/-).

- Secured Over Draft Facility from HDFC Bank Limited is secured by Hypothecation of Wheat & Wheat Products, Packing Material and Book Debts.

- Vehicle loan is secured by hypothecation of Container, Maruthi Baleno Car, Hyundai Verna, Logan Car

The above secured loans are covered by the Personal Guarantees of the functional directors.

**SCHEDULE NO. 4**

	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
<b>UNSECURED LOANS</b>		
Deposit from Directors	41,30,388	63,70,510
Deposit from Share Holders	10,40,599	5,33,841
Interest Accrued and due on above loan	-	1,81,442
<b>Total</b>	<b>51,70,987</b>	<b>70,85,793</b>

**SCHEDULE NO. 5**

**FIXED ASSETS**

SL	PARTICULARS	RATE	GROSS BLOCK			DEPRECIATION				NET BLOCK		
			AS ON 01.04.2010	Addition/	Deletion	AS ON 31.03.2011	Upto 31-03-2010	For the Year	Adjust- ment	UPTO 31.03.2011	AS ON 31.03.2011	AS ON 31.03.2010
1	Land		64,48,588	5,59,673	-	70,08,261	-	-	-	-	70,08,261	64,48,588
2	Building - Factory	3.34%	3,12,03,863	34,27,419	(298,617)	3,49,29,899	95,12,134	9,98,374	9,334.00	1,05,19,842	2,44,10,057	2,16,91,729
3	Building - Office		16,73,627	-	298,617	13,75,010	2,15,696	45,925	(9,334.00)	2,52,287	11,22,723	14,57,931
4	Plant & Machinery	10.34%	5,75,90,232	88,98,096	-	6,64,88,328	4,35,97,896	25,77,031	-	4,61,74,927	2,03,13,401	1,39,92,336
5	Vehicles	9.50%	39,12,307	8,15,059	6,26,103	41,01,263	11,84,104	3,66,214	244,437	13,05,881	27,95,382	27,28,203
6	Transportation Vehicle	9.50%	39,11,805	-	-	39,11,805	19,03,028	3,35,996	-	22,39,024	16,72,781	20,08,777
7	Furniture & Fixtures	6.33%	26,56,797	2,24,419	-	28,81,216	15,33,552	1,74,002	-	17,07,554	11,73,662	11,23,245
8	Computer	16.21%	16,25,631	1,82,445	-	18,08,076	11,99,037	1,29,459	-	13,28,496	4,79,580	4,26,594
9	Office Equipments	4.75%	9,31,976	3,53,838	-	12,85,814	4,12,842	53,312	-	4,66,154	8,19,660	5,19,134
10	Lab Equipment	7.07%	3,09,137	56,504	-	3,65,641	84,833	19,099	-	1,03,932	2,61,709	2,24,304
11	Other Items	7.07%	50,500	-	-	50,500	-	-	-	-	50,500	50,500
	<b>TOTAL</b>		<b>11,03,14,463</b>	<b>1,45,17,453</b>	<b>6,26,103</b>	<b>12,42,05,813</b>	<b>5,96,43,122</b>	<b>46,99,412</b>	<b>2,44,437</b>	<b>6,40,98,097</b>	<b>6,01,07,716</b>	<b>5,06,71,341</b>
	Previous Year		10,62,87,495	40,26,969	-	11,03,14,463	5,52,08,436	44,34,686	-	5,96,43,122	5,06,71,341	5,10,79,059

**SCHEDULE NO. 6**

	As at 31.03.2011	As at 31.03.2010
<b>Capital Work in Progress</b>		
Building	-	13,84,314
Plant and Machinery	-	16,44,909
Import Machinery	17,00,000	30,92,147
Purifier Separator	-	4,94,000
<b>Total</b>	<b>17,00,000</b>	<b>66,15,370</b>

**SCHEDULE NO. 7**

**INVESTMENTS**

PARTICULARS	QUANTITY AS ON		FACE VALUE	COST 31.03.2011	AS AT 31.03.2010
	31.03.2011	31.03.2010			
QUOTED TRADE FULLY PAID : (Non Trade at cost)					
DDatar Switchgear Ltd	1,000	1,000	10	1,08,122	1,08,122
Value Mart InfoTech	2,500	2,500	2	25,000	25,000
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

## Sunil Agro Foods Limited

PARTICULARS	QUANTITY AS ON		FACE VALUE	COST	AS AT
	31.03.2011	31.03.2010			
Pentamedia Graphics	18,650	18,650	10	7,85,472	7,85,472
Pushpa Packaging Ltd	10,600	10,600	10	1,06,900	1,06,900
SJ Max Golden Ko Ltd	24,000	24,000	10	2,40,000	2,40,000
Sterling Spinners Ltd	4,900	4,900	10	49,000	49,000
TISCO Ltd	500	500	10	79,900	79,900
Bal Pharma	10,978	10,978	10	5,18,533	5,18,533
Mukund IND Finance	12,119	12,119	10	93,864	93,864
color chips	5,000	5,000	10	1,22,104	1,22,104
Krishna Life	5,000	5,000	1	28,082	28,082
Surat tex MI	10,000	10,000	10	1,31,185	1,31,185
Lamina Foundries Ltd	10,000	10,000	10	2,35,000	2,35,000
Cambridge Solutions Limited	2,000	2,000	10	4,87,588	4,87,588
Surya Lakshmi Equity	-	2,000	10	-	3,23,631
Virtual Dynamic Software Ltd.,	2,800	2,800	10	-	-
MRPL	80	80	10	5,873	5,873
Mercator Line	1,000	1,000	1	1,62,832	1,62,830
MSK Project	345	345	10	49,629	49,629
Shree Digvijay Cement	2,500	2,500	10	1,01,325	1,01,325
Reliance Industries Ltd	75	75	10	1,76,377	1,76,377
<b>Total</b>				<b>37,09,707</b>	<b>40,33,336</b>
Less: Provision for fall in market value of shares				<b>(91,721)</b>	<b>(91,721)</b>
<b>Net Value of shares</b>				<b>36,17,986</b>	<b>39,41,615</b>
Aggregate Market Value of Quoted Investments				7,11,816	18,76,410
<b>UNQUOTED TRADE FULLY PAID :</b>					
Sanmitra Credits Ltd		10,000	10	1,00,000	1,00,000
<b>Total</b>				<b>1,00,000</b>	<b>1,00,000</b>
<b>GOVERNMENT SECURITIES :</b>					
National Savings Certificates				1,400	1,400
<b>NON TRADE INVESTMENTS : Mutual Fund</b>					
Kotak Life			10	1,00,000	1,00,000
<b>Total</b>				<b>1,01,400</b>	<b>1,01,400</b>
<b>Total Quoted and Unquoted Long Term investments</b>				<b>38,19,386</b>	<b>41,43,015</b>
<b>LONG TERM INVESTMENTS - Immovable Property</b>					
Investment in Residential Flat at WH - 201, 2nd floor, "DHARMA" Block, Sai Garden, White Field, Bangalore				18,60,441	18,42,761
Investment In Residential Flat At WH 204 II Floor "DHARMA" Block, Sai Garden, White Field, Bangalore				9,84,868	9,84,868
<b>Total</b>				<b>28,45,309</b>	<b>28,27,629</b>
<b>Grand Total</b>				<b>66,64,695</b>	<b>69,70,644</b>

## SCHEDULE NO. 8

	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
<b>A] Current Assets</b>		
i) Inventory		
a) Raw Materials	3,84,54,737	5,97,38,365
b) Finished Products	99,87,307	1,34,40,450
c) Packing Material	58,69,316	55,27,475
d) Consumable Stores/ Lab Chemicals / Diesel	6,43,180	5,28,687
	<u>5,49,54,540</u>	<u>7,92,34,977</u>
ii) Sundry Debtors		
Debt outstanding for a period Exceeding Six Months		
Unsecured, considered good	62,97,485	95,82,300
Unsecured, considered Doubtful	-	-
Other Debts		
Unsecured, considered good	5,24,02,555	4,01,59,315
Unsecured, considered Doubtful	-	-
	<u>5,87,00,040</u>	<u>4,97,41,615</u>
iii) Cash and Bank Balances		
a) Cash on hand	13,40,062	14,44,276
b) Cash with Scheduled Banks		
- In Current Account	1,84,885	12,49,413
- In Term Deposit Account	487,134	14,01,830
(Held as margin money for bank guarantees as on March 31, 2011 is 4.89 lakhs (March 31, 2010 is 13.88 lakhs)		
<b>Total - A</b>	<u>20,12,081</u>	<u>40,95,519</u>
[Unsecured; considered good, recoverable in cash or in kind or for value to be received.]		
Inter Corporate Deposit *	39,54,678	39,54,678
* Includes Rs.28,80,977/- paid to the Company In which relative of director is a director of that company ( Previous Year Rs.28,80,977/-)		
Loans And Advances	2,12,83,716	1,48,22,758
[Includes Rs.83,34,633/- due from other Company under same management ( Previous Year 82,53,111/-)]		
Loans and advances to Staff	4,73,962	5,20,948
Advance Income Tax	45,83,291	37,06,454
Deposits with Government Departments and Others	35,45,936	35,45,936
<b>Total - B</b>	<u>3,38,41,583</u>	<u>2,65,50,774</u>



## SCHEDULE NO. 9

	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
<b>A) Current Liabilities</b>		
<b>Sundry Creditors for Goods, Expenses and Services</b>		
- Due to MSME	-	-
- Others		
Sundry Creditors for Purchases	2,29,16,519	3,00,10,897
Sundry Creditors for Expenses	37,30,143	44,43,556
Sundry Creditors for Others	11,62,641	15,62,652
Advance Received From Customers	1,46,806	7,66,527
	<u>2,79,56,109</u>	<u>3,67,83,632</u>
<b>B) Provisions</b>		
Provision for Gratuity	6,70,357	6,70,357
Provisions for Taxation	31,25,738	23,60,000
	<u>37,96,095</u>	<u>30,30,357</u>
<b>Total</b>	<u>3,17,52,204</u>	<u>3,98,13,989</u>

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	For the Year Ended 31.03.2011 (Rs.)	For the Year Ended 31.03.2010 (Rs.)
<b>SCHEDULE NO. 10</b>		
<b>SALES</b>		
a) Maida	45,30,70,393	42,65,47,842
b) Sooji	8,03,91,344	6,66,90,702
c) Atta	4,79,52,382	4,81,35,893
d) Rough Bran	9,19,92,765	7,69,82,240
e) Bran Flakes	3,93,21,731	3,44,92,084
f) Wheat	2,51,85,597	3,12,75,185
g) Others	1,10,73,161	87,48,642
<b>Total</b>	<b>74,89,87,373</b>	<b>69,28,72,588</b>

**SCHEDULE NO. 11**

**OTHER INCOME**

Dividend from Indian companies ( Non Trade)	4,251	10,551
Insurance Claim	11,382	82,663
Interest on Fixed Deposit & Bonds ( Gross)*	75,693	61,604
Interest Received on Deposit - ICD (Gross) *	-	3,00,000
Interest on KPTCL Deposit *	1,75,600	1,95,276
Miscellaneous Income	10,67,384	14,55,601
Rent :		
Other Rent *	1,89,000	90,500
Terrace Space *	2,88,622	2,81,668
Tempo/Truck Freight	546,507	4,30,808
Weighment Charges	4,81,740	1,84,730
Custom Milling Charges *	1,38,97,552	1,09,55,758
<b>Total</b>	<b>1,67,37,731</b>	<b>1,40,49,159</b>
* Tax deducted at source	<b>3,47,605</b>	<b>3,58,915</b>

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

Wheat Products	Opening	Closing	Accretion/
	Stock	Stock	(Decretion)
	As of April, 2010	As at March 31, 2011	
	Rs.	Rs.	Rs.
Maida	81,00,482	63,47,912	-17,52,570
Sooji	21,47,907	15,46,219	-6,01,688
Atta	23,01,608	10,40,609	-12,60,999
Bran Rough	4,11,214	9,33,588	5,22,374
Bran Flakes	4,79,239	1,18,979	-3,60,260
<b>Total</b>	<b>1,34,40,450</b>	<b>99,87,307</b>	<b>-34,53,143</b>
<b>Previous Year</b>	<b>1,07,29,363</b>	<b>1,34,40,450</b>	<b>27,11,087</b>

**SCHEDULE NO. 13**

	For the	For the
	Year Ended	Year Ended
	31.03.2011	31.03.2010
<b>OPERATING EXPENSES</b>		
Raw Material Consumed	64,26,54,276	59,11,07,515
Purchase Of Wheat Trading	2,27,56,839	3,10,82,961
Purchase Of Wheat Products	97,06,936	1,07,91,104
Custom Milling Charges	1,25,08,621	97,06,087
Packing Material Consumed	89,60,651	72,08,412
Power & Diesel Charges	1,60,20,176	1,48,06,890
Stores & Spares Consumed	6,70,836	4,05,000
Wages/ Labor Charges	30,77,783	30,38,740
Insurance	2,18,086	3,42,081
<b>REPAIRS &amp; MAINTENANCE</b>		
a) Plant & Machinery	25,11,763	8,70,056
b) Building	2,03,358	98,183
c) Others	4,62,780	11,48,426
Laboratory Expenses	8,99,970	10,06,124
Misc expenses	38,043	14,340
<b>Total</b>	<b>72,06,90,117</b>	<b>67,16,25,919</b>

## SCHEDULE NO. 14

	For the Year Ended 31.03.2011 (Rs.)		For the Year Ended 31.03.2010 (Rs.)	
<b>Administration, Selling and Distribution Expenses</b>				
<b>Directors Remuneration &amp; Expenses</b>				
Remuneration	15,37,500		11,10,000	
Bonus	1,28,125		92,500	
Contribution to Provident Fund	1,83,000		1,33,200	
Sitting Fees	12,000		20,000	
Directors Welfare	8,86,428		1,18,899	
Directors Foreign Tour Expenses	1,52,102		2,26,207	
Traveling Expenses & Others	1,87,567	30,86,722	74,827	17,75,633
<b>Employee Cost</b>				
Salary	15,52,509		15,29,926	
Bonus	4,07,735		3,80,722	
Employees State Insurance	1,81,363		1,85,446	
Provident Fund	3,21,323		4,50,818	
LIC Group Gratuity	-		5,95,940	
Leave Encashment	1,44,048		82,678	
Employee welfare	1,87,409			
Canteen Expenses	12,14,953	40,09,340	13,67,355	45,92,885
<b>Auditors Remuneration:</b>				
For Statutory Audit	93,755		66,180	
For Other Services	90,998		79,861	
Out of pocket expenses	15,680		5,600	
		2,00,433		1,51,641
Printing & Stationery		2,66,654		2,14,142
Rates, Taxes and Other fees		4,08,630		6,24,947
Postage, Telegram & Telephone		4,85,101		4,79,311
Carriage Outward		25,06,847		17,96,785
Membership & Subscription		95,514		7,24,669
Consultancy and professional charges		2,80,896		68,580
Brokerage and Commission		1,28,079		1,60,026
Advertisements		2,29,900		1,06,780
Discount Allowed		21,55,249		12,67,720
General And Miscellaneous Expenses		5,53,521		13,64,081
Loss On Sale of Securities		53,582		39,793
Truck/ Tempo Vehicle Maintenance		37,65,198		32,97,720
Vehicle Maintenance		6,62,691		7,08,858
Amount no longer receivable		10,21,139		11,39,763
Loss on Sale of Assets		1,33,207		-
<b>Total</b>		<b>200,42,703</b>		<b>185,13,334</b>

**SCHEDULE NO. 15**

	For the Year Ended 31.03.2011 (Rs.)	For the Year Ended 31.03.2010 (Rs.)
<b>FINANCIAL CHARGES</b>		
Interest on Secured Overdraft	72,95,373	82,45,291
Bank Charges & Commission	18,80,565	4,43,843
Interest on Deposits & Others	12,48,315	13,70,014
Interest on Vehicle Loan	60,915	1,07,572
Interest on Term Loans	2,61,050	3,56,229
<b>Total</b>	<b>1,07,46,218</b>	<b>1,05,22,949</b>

**SCHEDULES FORMING PART OF THE CASH FLOW STATEMENT**

**SCHEDULE NO. 16**

**CHANGES IN LOANS AND ADVANCES**

Opening Balance	2,65,50,774	3,36,99,348
Less: Advance Income Tax Separately Considered	4,50,000	1,50,000
Balance as per Balance Sheet - Closing Balance	<b>(3,38,41,583)</b>	<b>(2,65,50,774)</b>
<b>Total</b>	<b>(68,40,809)</b>	<b>72,99,574</b>

**SCHEDULE NO. 17**

**PURCHASE OF FIXED ASSETS & CHANGES**

**IN CAPITAL WORK IN PROGRESS**

Purchase of Fixed Assets other than Motor Car - net	(1,37,02,394)	(40,26,969)
Less: Opening Capital Work in Progress	66,15,370	53,88,215
Add: Closing Work in Capital	<b>(17,00,000)</b>	<b>(66,15,370)</b>
<b>Total A</b>	<b>(87,87,024)</b>	<b>(52,54,124)</b>
Purchase of Motor Car	(815,059)	-
Less: Sale Proceeds of Motor Car	248,458	-
<b>Total B</b>	<b>(566,601)</b>	<b>-</b>
<b>Total (A+B)</b>	<b>(93,53,625)</b>	<b>(52,54,124)</b>

**SCHEDULE NO. 18**

**INVESTMENTS IN SECURITIES AND IMMOVABLE PROPERTY**

Purchases Made during the year	(1,32,252)	(18,42,761)
Add: Sale of Investments	3,84,619	2,53,484
<b>Total</b>	<b>2,52,367</b>	<b>(15,89,277)</b>

**A. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****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 accruals 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 affect 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. INVENTORY VALUATION:**

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

**3. 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.

**4. 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.

**5. 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.

**6. 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.

**7. FOREIGN CURRENCY TRANSACTION:**

- Initial recognition – Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency approximately at the date of the transaction.
- Conversion – Foreign currency monetary items are reported using the closing rate. Non monetary items, which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.
- Exchange Differences – Exchange differences arising on the settlement or conversion of monetary items are recognized as income or as expenses in the period in which they arise.

**8. 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.

**9. EMPLOYEE BENEFITS:****9.1 Gratuity:**

The company has taken Group Gratuity Scheme for its eligible employees from Life Insurance Corporation of India, for the gratuity liability. Liability for Gratuity is provided on Actuarial basis.

**9.2 Leave Encashment:**

Leave Encashment Liability of eligible employees is accounted on accrual basis.

**9.3 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.

**10. BORROWING COST:**

Borrowing cost that are specifically attributable to the acquisition, construction or production of qualifying asset are capitalized as part of the cost of such asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**11. 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.

**12. ACCOUNTING OF 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.

**13. 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.

**14. 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.

**15. 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.

## Annual Report 2010 - 2011

### B. 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	:	43327.306 Mts	(41813.177 Mts)
<b>Customer Milling</b>	:	1304.036 Mts	(1090.800 Mts)

(In Metric Tonnes)

2 Wheat Products	Opening Stock (Mts)		Closing Stock (Mts.)	
	Current Year	Previous Year	Current Year	Previous Year
Maida	481.75	397.451	345.84	481.75
Sooji	123.204	117.119	76.589	123.204
Atta	140.788	86.488	62.603	140.788
Bran Rough	34.933	73.743	18.316	34.933
Bran Flakes	25.764	20.180	15.802	25.764

(Amount in 'Rs.)

3 a) Value of Raw Material Consumed	Current Year		Previous Year	
	Consumption	% Consumption	Consumption	%
Wheat Products				
Imported	9703002	1.51	10868880	1.84
Indigenous	632951273.8	98.49	580238635	98.16
Total	642654275.8	100	591107515	100

b) Value of spare parts and components consumed	Current Year		Previous Year	
	Consumption	% Consumption	Consumption	%
Imported	144,336	21.52	-	-
Indigenous	526500	78.48	405000	100
Total	670836		405000	

c) Sales ( Quantity in metric tonnes )	For the year ended 31.03.2011		For the year ended 31.03.2010	
	Quantity	Amount	Quantity	Amount
1) Maida	25478.575	453070393	24668.111	426547842
2) Sooji	4108.605	80391344	3751.29	66690702
3) Atta	3135.32	47952382	3158.355	48135893
4) Bran Rough	8293.387	91992765	7666.646	76982240
5) Bran Flakes	3813.474	39321731	3618.654	34492084
6) Wheat	1716.914	25185597	2056.503	31275185
7) Others		11073161		8748642
<b>Total</b>	<b>46546.28</b>	<b>748987373</b>	<b>44919.56</b>	<b>692872588</b>

d) Raw Material Consumed ( Quantity in metric tonnes )	For The Year Ended 31.03.2011		For The Year Ended 31.03.2010	
	Quantity	Amount	Quantity	Amount
Opening Stock	4036.376	59738365	2709.889	37125600
Add: Purchases (net of discount)	44438.712	644127487	46032.306	644803241
<b>Total</b>	<b>48475.088</b>	<b>703865852</b>	<b>48742.195</b>	<b>681928841</b>
Less: Cost of Wheat Sold	1716.914	22756839	2056.503	31082961
<b>Total</b>	<b>46758.174</b>	<b>681109013</b>	<b>46685.692</b>	<b>650845880</b>
Less: Closing Stock	2564.137	38454737	4,036.38	59738365
<b>Wheat Consumed</b>	<b>44194.037</b>	<b>642654276</b>	<b>42649.316</b>	<b>591107515</b>

4 a During the earlier years the company constructed the factory on free hold land measuring 6693 sq meters at No.39 - A2, Hoskote Industrial Area, Chokkahally, Hoskote - 562 114.

b. During the year 2000 - 2001, the company purchased 4745 sq meters at Plot No.8D, Kadugodi Industrial area, Krishna raja puram taluk, Bangalore south district.

c. During the year 2000 - 2001, the company purchased the plot at No.4C, Hoskote, Bangalore rural district measuring 8071 Sq meters together with building and structure for Rs.27,00,000/- from Karnataka State Financial Corporation.





# Annual Report 2010 - 2011

10 As per Accounting Standard - 17 "Segment Reporting" issued by Institute of Chartered Accountants of India, the company should report information based on Business Segment and Geographical Segment. 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.

## 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.
Segment Revenue	25185597	31275185	723801776	661597403	748987373	692872588
Segment Results	2428758	192224	24622229	19330847	27050987	19523071
Add: Unallocated Income					16839580	14787964
					43890567	34311034
Less: Unallowable Corporate Expenses						
Admin, Selling and Distribution Expense					20042703	18513334
Financial Charges					10746218	10522949
Profit before taxation					13101646	5274751
Provision for taxation						
Current Tax					(1110000)	900000
Deferred Tax					(407249)	(725424)
Fringe Benefit Tax						1035
Profit after Tax					11584397	5099140

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.
Segment Assets						
Fixed Assets			60107716	50671341	60107716	50671341
Capital Work-in Progress			1700000	6615370	1700000	6615370
Inventory			54954540	19496612	54954540	19496612
Cash & Bank Balances			2012081	79234977	2012081	79234977
Segment Liabilities						
Secured Loans			91005092	91809746	91005092	91809746
Unsecured Loans			5170987	7085793	5170987	7085793
Unallocated Segment Assets						
Investments					6664695	6970644
Debtors					58700040	49741615
Loans and Advances					33841583	26550774
Unallocated Segment Liabilities						
Current Liabilities & Provisions					31752204	39813989

Note: a) Income and expenditure not allocable on any business segment directly have been classified as Unallocated.  
b) It is 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 the interchangeability between segments.

## B) Geographic Segment (Based on location of customer)

Particulars	Karnataka		Others		Total	
	Current Yr.	Previous Yr.	Current Yr.	Previous Yr.	Current Yr.	Previous Yr.
Segment Revenue	632279588	617794669	116707782	75077919	748987370	692872588
Unallocated Revenue					16839580	17499051
Total Revenue	632279588	617794669	116707782	75077919	765826950	710371639
Segment Assets	42950408	40406212	15749632	9335403	58700040	49741615
Unallocated Assets					159280615	189539718
Total Assets					217980656	239281333

## Related party disclosure

As required under "Accounting Standard - 18", issued by Institute of Chartered Accountants of India, the Company has disclosed the transaction with related parties effected during the financial year 2010 - 2011.

### 11.1 Disclosure of related parties and nature of relationship

Name of the Party	Type	Nature of Relationship
Sri. B Shanthilal	Individual	Managing Director
Sri. Pramod Kumar S	Individual	Executive Director
Sri. Sunil S Jain	Individual	Whole time Director
Sri. AVS Murthy	Individual	Director
Sri. Shailesh Siroya	Individual	Director
Smt. Kamala Bai	Individual	Spouse of MD
Smt. Pinky Jain	Individual	Spouse of ED
Brindavan Roller Flour Mills Private Limited	Company	Enterprises over which individual/s indirectly owning an interest in the company, exercise the significant influence or control
Sryshiti Pharmaceuticals Private Limited	Company	
Mysore Vegetable Oil Products Limited	Company	
Mysore Snacks Foods Limited	Company	
Alampalli Investments Private Limited	Company	
Krishna Industries Private Limited	Company	
Bal Pharma Limited	Company	
Belgaum Roller Flour Mills Private Limited	Company	
Puskar Investments Private Limited	Company	
Brindavan Softland Private Limited	Company	
Sunil AG	Partnership firm	

### 11.2 The following transactions were carried out with the related parties in the ordinary course of business:

Description	with Key Managerial Personnel (KMP) & Their Relatives		Enterprises over which KMP is able to exercise significant influence	
	For the year ending			
	2011	2010	2011	2010
Deposit Received	3624827	6434819	-	-
Deposit Repaid	5404700	7926140	-	-
Interest on Deposit Paid	898508	1001535	-	-
Purchase of Wheat & Wheat Products	-	-	8752702	13714390
Sale of Wheat & Wheat Products	-	-	141150	662985
Custom Milling Charges paid	-	-	12508621	9706087
Interest on ICD received	-	-	-	300000
Purchase of Immovable property	-	-	-	1700000

### 11.3 Managerial Remuneration:

Remuneration paid / payable to Managerial Personnel

(Amount In Rs)

Name of the Managerial person	Relationship	For the year ended March 31, 2011	For the year ended March 31, 2010
Mr. B Shanthilal	Managing Director*	541666	390000
Mr. Pramodkumar S.	Executive Director*	1029167	650000
Mr. Sunil S Jain	Director*	94792	162500
Contribution to Provident Fund for all the directors		183000	133200
Total		1848625	1335700

Note: \* Remuneration includes bonus of Rs.128125 provided ( Financial year 2009 - 2010 Rs.92,500/-).  
Remuneration does not include the gratuity premium paid to LIC

## 11.3.1 Computation of net profit under Section 198 read with Section 349 and Section 350 of the Companies Act, 1956.

Particulars	March 31, 2011		March 31, 2010	
	Amount (Rs)	Amount (Rs)	Amount (Rs)	Amount (Rs)
Profit before Taxation		5991662		5274751
Add: Managerial Remuneration	1848625		1335700	
Director's sitting fee	12000		20000	
Depreciation as per Accts	4699412	6560037	4434686	5790386
		12551699		11065137
Less: Depreciation as per Section 350 of the Companies Act, 1956	4699412		4434686	
Gain (net) on sale of Investments (non trade)	(53582)	4645830	(39793)	4394893
Net profit ( Loss) as per Section 349 of Companies Act, 1956		7905869		6670244

Since outcome of Calculation is inadequate profit in the financial year 2010 - 2011 and 2009 - 2010, remuneration needs to be paid on the basis of Schedule XIII - Part - II.

## 11.3.2 Calculation of Effective Capital

	March 31, 2011 (Amount In Rs)	March 31, 2010 (Amount In Rs)
Paid up Capital	30029000	30029000
Add: Reserves & Surplus	50624382	45525242
Add: Long Term Loans	1197591	2928300
	81850973	78482542
Less: Investments	-	5421161
Effective Capital	81850973	73061381

Since the effective capital exceeds Rs.5,00,00,000/-, managerial remuneration payable to each managerial personal is Rs.1,25,000/- per month.

## 12 Obligation on Long term, non-cancelable Operating Lease:

### a. As Lessor

The Company has entered into non-cancelable operating lease with Bharathi Mobile for letting the terrace space of the factory building for erecting the mobile tower. The brief description of the agreement is as follows:

- Lease agreement entered on July 1, 1996 was expired on June 30, 2006.
- The above agreement is renewed for another ten years from July 1, 2006 to June 30, 2016 on the following terms and conditions
  - \* Lease rental charges of Rs.13,960 per month from July 1, 2006 Onwards.
  - \* Lease rental will be enhanced by 10% on the last paid rent for every completed three years.
- Rent income included in Profit and Loss account is Rs.288622 towards operating lease.

Lease rental commitments from Bharathi mobile is as follows:

Lease Rentals	As at March 31,	
	2011	2010
Due with in one year of the balance sheet date	288622	286688

## 13 Earning Per Share

Earning per share is calculated as per 'Accounting Standard - 20', issued by Institute of Chartered Accountants of India. The net profit considered for calculation of basis earning per share before tax expenses is Rs.59,91,662/- (Previous Year Rs.52,74,751 /-).

Earning per share is calculated as per 'Accounting Standard - 20', issued by Institute of Chartered Accountants of India. The net profit considered calculation of basis earning per share after tax expenses is Rs.44,74,413/- (Previous Year Rs.50,99,140/-).

**14 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 reversed Rs. as deferred tax liability and made deduction from the Profit and Loss Account.

Deferred Tax Balance as at 31st March 2011 of Rs. 49,24,579/- is disclosed as liability.

The details are as follows:

Particulars	Amount ( In Rs)	
Opening Balance - Liability -1st April 2010	45,17,330	52,42,754
Add/(Less): Liability created (reversed) during the year		
On account of Depreciation	4,14,918	-5,49,059
On account of Disallowance U/s 43B & 40(a)(ia)	(7,669)	-1,76,365
<b>Balance deferred tax liability as at 31st March 2010</b>	<b>49,24,579</b>	<b>45,17,330</b>

**15 Auditor's Remuneration:**

**Amount (In Rs)**

The breakup of Auditor's remuneration is as follows:

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Statutory Audit Fee *	93,755	66,180
Other Services ( taxation and company law matters)*	90,998	79,861
Out of Pocket Expenses	15,680	5,600
<b>Total</b>	<b>2,00,433</b>	<b>1,51,641</b>

\* Inclusive of Service Tax

**16 Contingent Liabilities**

**Amount ( In Rs)**

a. The following are the guarantees given by the banks to the parties on behalf of the company which are in force as on March 31, 2011.

Name of the Bank	Party to whom the guarantee given	Amount (Rs)
State Bank of Bikaner & Jaipur	Collector of Customs	200000

- 17 a. Based on the information available with the Company, there is no dues to Small Scale Undertaking in excess of Rs.1,00,000/- and outstanding for more than 30 days.
- b. Based on the information available with the Company, there are no suppliers who are registered as Micro, Small or Medium Enterprises as per Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2011.
- 18 Figures in bracket relates to previous year.
- 19 Previous year figures have been reclassified / regrouped wherever necessary to confirm to the 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 No.	L01111KA1988PTC00861
State Code	8
Balance Sheet Date	31.3.2011

**II. Capital Raised During the Year**(Amount in Rs.  
Thousands)

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

**III. Position of Mobilisation and Development of Funds**

(Amount in Rs.)

Total Liabilities	186228453
Total Assets	186228453

**SOURCE OF FUNDS**

Paid-up Capital	30029000
Reserves & Surplus	55098795
Secured Loans	91005092
Unsecured Loans	5170987
Deferred Tax Liability	4924579

**APPLICATION OF FUNDS**

Net Fixed Assets	60107716
Capital Working Progress	1700000
Investments	6664695
Net Current Assets	117756041
Miscellaneous Expenditure	-

**IV. Performance of Company**

Turnover (Gross Revenue)	765725104
Total Expenditure	759733443
Profit before tax	5991662
Profit After Tax	4474413
Earnings per share (Rs.)	1.49
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

**ATTENDENCE 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 :

Client Id :

DP Id :

Name & Address of the Shareholders (in Block letters) .....

Name of the Proxy holder (in Block letter) .....

I hereby record my presence at the TWENTY THIRD ANNUAL GENERAL MEETING of the Members of the Company, being held on Monday, the 5th September, 2011, 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

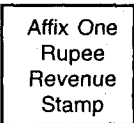
..... of ..... in the district of

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

for me/us and vote on my/our behalf at the Twenty Third Annual General Meeting of the Company, to be held at 11-00 a.m. on Monday, the 5th September, 2011, and at any adjournment(s) thereof.

Signed this.....day of.....2011

Signature



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.

*If undelivered, please return to :*

**SUNIL AGRO FOODS LIMITED**

No. 1/104, Ahuja Chambers,

Kumara Krupa Road,

Bangalore - 560 001.