

ANNUAL REPORT

2007 - 2008



Sunil Agro Foods Limited

SUNIL AGRO FOODS LIMITED
NINETEENTH ANNUAL GENERAL MEETING 2007-08

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BOARD OF DIRECTORS:

Mr. B. Shantilal	Managing Director
Mr. Pramodkumar S	Executive Director
Mr Sunil Jain	Wholetime Director
Mr. AVS Murthy	Director
Mr. Shailesh Siroya	Director

REGISTERED OFFICE & FACTORY

Plot No: 39/A2
Hosakote Industrial area,
Chokkahalli
Hoskote - 562 114

CORPORATE OFFICE

No: 1/104, Ahuja Chambers,
Kumara Krupa Road,
Bangalore - 560 001

AUDITORS

Messrs. MSSV & Co.
Chartered Accountants
Bangalore.

BANKERS

HDFC Bank Ltd.
Seshadripuram Branch, Bangalore

SHARE TRANSFER AGENTS

Alpha Systems Private Limited
Bangalore.

SUNIL AGRO FOODS LIMITED

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

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the shareholders of the Company will be held at 11.00 am on Saturday, the 6th day of September, 2008 at Registered office of the Company at Plot No. 39-A2, Hosakote Industrial Area, Chokkahally, Hosakote - 562114 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended on that date, together with the reports of Directors and Auditors thereon.
2. To approve and confirm the interim dividend of 5% already declared and paid in respect of fully paid Equity Shares of the Company for the year 2007-2008.

3. To appoint Director in place of Mr. Sunil S Jain, Director who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Mr. AVS Murthy, Director who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint Auditors and fix their remuneration.

By Order of the Board
FOR SUNIL AGRO FOODS LIMITED

Place: Bangalore
Date: 30th July 2008

B.SHANTILAL
MANAGING DIRECTOR

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company at the Registered office not less than 48 hours before the meeting.
2. Listing fee has been paid to the Stock Exchange, Mumbai up to date.
3. The Company's shares are traded in electronic form with ISIN No. INE224D01012.
4. The Company has transferred Rs. 90,350/- unclaimed dividend, declared upto the financial year ended 31st March 2000 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 Share Transfer Book and Register of Member will remain closed from 5-9-2008 to 6-9-2008 (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 Sunil S Jain

Age : 40 years

Qualification :

1. Graduate in Engineering
2. Master Degree in Business Administration from USA

Expertise :

General Management

Other Directorships :

1. Belgaum Roller Flour Mills Pvt Ltd
2. Brindavan Softland Pvt. Ltd.

Name of the Company	Committee	Status
NA	NA	NA

2. Name : Mr. AVS Murthy

Age : 56 years

Qualification :

1. BE (Mechanical) Bangalore University
2. MS (Grain Science & Industry)

3. Kansas State University, USA

4. MIE Institution of Engineers, India

Expertise :

General Management

Other Directorships :

1. Srushti Pharmaceuticals (P) Ltd.
2. Mysore Vegetable Oil Products Limited
3. Mysore Snacks Foods Limited
4. Alampalli Investments (P) Ltd.
5. Krishna Industries (P) Ltd.

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

For SUNIL AGRO FOODS LIMITED

Place: Bangalore
Date: 30th July 2008

B.SHANTIL
MANAGING DIRECTOR

DIRECTORS' REPORT

Your Directors are pleased to present the Twentieth Annual Report and the audited statements of accounts of the Company for the year ended 31st March 2008.

FINANCIAL RESULTS : (Rs. in Lacs)

Particulars	Year ended 31-03-2008	Year ended 31-03-2007
Sales	5549.47	5671.29
Other income	350.22	243.78
Profit before depreciation & tax	144.28	55.89
Less: Depreciation	40.27	38.27
Profit before tax	104.01	17.62
Less: Provision for tax	22.92	0
Profit after Tax	81.08	12.36
Add: P & L A/c brought forward	158.25	145.88
Proposed Appropriations:-	-	12.36
Dividend & Tax	17.33	-
Balance Carried forward	222.00	158.24

DIVIDEND :

In view of comfortable cash generation the Board at its meeting 5th September 2008 declared a interim dividend at 5% (involving an outflow of Rs. 17.33 lakhs including div. tax) which has been duly paid to those members whose names, appeared in the Register of members on 3-10-2007.

PERFORMANCE :

The operations for the current year are normal and the Company sold investment made and earned profit during the year. Also, continued relationship with the institutions, has improved and the Company hopes to achieve profitability in the coming years.

The Company plans to further improve the quality of the products to have better footage in the market on value added items.

DIRECTORS :

Mr. Sunil S Jain and Mr. AVS Murthy, Directors of the Company 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 only during the year to meet critical fund needs.

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 HDFC Bank Ltd. for their support and assistance. Your Directors also wish to place on record their gratitude to the customers, distributors, dealers, vendors, investors and employees for their continued and value support.

By order of the board

For SUNIL AGRO FOODS LIMITED

Place : Bangalore **B. SHANTILAL PRAMODKUMAR S**
Date : 30-7-2008 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 and installed Solar Energy lights in the plant. Energy efficient electric tube was installed to save energy. Also the Company 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 this year.

FORM - A

Disclosure of particulars with respect to conservation of energy

	2007-08	2006-07
Power and Fuel Consumption L		
i) Electricity :		
a) Purchase Unit	2609520	2865210
b) Total Amount (Rs.)	12314022	13292707
c) Rate Per Unit (Rs.)	4.72	4.64
ii) In own Generation :		
a. Through Dielsel Generator	36783	15820
b. Units/Liter of diesel Oil	3.00	3.00
c. Cost per Unit (Rs.)	11.86	11.97
iii) Consumption per ton of production	61.40	60.92

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	Current year	Previous Year
1	Foreign Exchange Earnings	Nil	Nil
2	Foreign Exchange Outgo towards		
	a) purchase of raw materials	Nil	Nil
	b) Travel expenses	Rs. 3850	Rs. 59250
	Ticket & Visa charges	US \$ 3000	Euro 1000
		Rs. 33600	-
		Euro 600	
		Rs. 94588	
	c) Import of Machinery	CHF 80000	-
		Rs. 2748726	-

By order of the board
For SUNIL AGRO FOODS LIMITED

Place : Bangalore **B. SHANTILAL PRAMODKUMAR S**
Date : 30-7-2008 MANAGING DIRECTOR EXECUTIVE DIRECTOR

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

PARA

4.6. Accounting Policy No: The temporary nature of fluctuations in the capital market is the reason for valuing the investments at cost. In view of the adequate reserves and surplus available in the books of the Company, the Board has decided that no provisions are required.

4.7. The Company has adopted uniform policy for many years. 9 Annexure to Auditors Report on delay in remittances of service tax/TDS: The delay due to reason beyond control and the same has been remitted.

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.

During the financial year ended 31.3.2008, Six Board meetings were held on 30th April, 2007, 30th June, 2007, 30th July, 2007, 5th September 2007, 29th October, 2007 and 30th January, 2008.

The composition of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also number of other Directorship/membership of the Committees are as follows:

Name of the Directors	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships	Committee Memberships
Mr. B Shantilal	Executive	6	Yes	4	1
Mr S Pramodkumar	Executive	6	Yes	4	1
Mr. Sunil Jain	Executive	6	Yes	2	2
Mr. AVS Murthy	Non-Executive	6	Yes	5	2
Mr. Shailesh Siroya	Non-Executive	6	No	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 by the Board.

2) Composition

The Committee comprises 2 non Executive Directors and one Executive Director. Four meetings were held on 30th June, 2007, 30th July, 2007, 29th October, 2007 and 30th January, 2008 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 2007-2008

Amount in Rs.

Name of Director	Remuneration	Sitting Fees
Mr. B Shantilal	390000	NA
Mr. S Pramodkumar	650000	NA
Mr Sunil Jain	162500	NA
Mr. AVS Murthy	-	10000
Mr. Shailesh Siroya	-	10000

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 Director	Status	No. of meetings attended
Mr. B-Shantilal	Chairman	8
Mr S Pramodkumar	Member	8

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
2004-2005	14-09-2005	11.00 am	Bharatiya Vidya Bhavan
2005-2006	04-09-2006	11.00 am	Registered Office/factory
2006-2007	05-09-2007	11.00 am	Bharatiya Vidhya Bhavan

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 Saturday, the 6th day of September 2008.
- 2) Financial Calendar :

Sl. No.	Particulars	Dates
1.	Annual Results of the previous year	30-6-2007
2.	First Quarter Results	30-7-2007
3.	Annual General Meeting	5-9-2007
4.	Second Quarter Results	29-10-2007
5.	Third Quarter Results	30-01-2008

- 3) Date of Book Closure for the year 2007-2008:
5.9.2008 to 6.9.2008 (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: alfint@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 31.3.2008

Shares holding of nominal value of	Share holders		Share Amount	
	Number	% of Total	In Rs.	% of Total
Upto 5,000	1015	84.65	1629320	5.43
5,001 - 10,000	62	5.17	483430	1.61
10,001 - 20,000	68	5.67	1076710	3.59
20,001 - 30,000	13	1.08	338520	1.13
30,001 - 40,000	4	0.33	138430	0.49
40,001 - 50,000	7	0.58	350000	1.13
50,001 - 1.00,000	9	0.75	676750	2.25
1,00,001 and above	21	1.75	25335840	84.37
Total	1199	100.00	30029000	100.00

8) Categories of Shareholders as on 30.6.2007

Category	No. of Shares held	% of Shareholding
Promoters	2100676	69.95
Persons acting in concert	60500	2.01
Institutional Investors	40000	1.33
Others	801724	26.70
Total	3002900	100.00

9) Dematerialized of shares :

Particulars	Shares	Percentage	No. of Shareholders
Physical Mode	296845	9.89	633
Electronic Mode	2706055	90.11	566

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. 5549.47 lakhs (previous year Rs. 5671.29 lakhs) for the financial year ended 31.3.2008 with net profit of Rs. 81.08 lakhs (previous year Rs. 12.37 lakhs). Margins continued to be under pressure due to sudden increase in wheat prices. Contract milling continued.

b) Opportunities

The Company has entered into Milling/Grinding Agreement with General Mills Pvt. Ltd. for whole wheat atta.

c) Risk and Concerns:

There is no risk expected during this year.

d) Outlook :

The Company expects to reasonable improvement in the sales due to the expected opensale scheme by the government and also due to the new milling agreement with General Mills Pvt. Ltd.

a) 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 : 30-7-2008

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
Managing Director
Member of the Board

M Srinivasa Rao
Chief Finance Officer

Date: 30th July 2008
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 2008, 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 enduring 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.

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 2008

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

MSSV & CO.

Chartered Accountants

No. 63/2, 2nd Floor, Railway Parallel Road

Kumara Park West, Bangalore - 560020

Ph: 23565065, 23565068 Telefax: 23565076

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, 2008 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 and 4.7 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 March 31, 2008, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on March 31, 2008 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.8 the Company has valued the investments at cost. As on March 31, 2008 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.19.68 lakhs and profit is overstated to the same extent.
- 4.7 As per the Accounting policy no.9 the Company has provided the employee benefits on accrual basis, where as Accounting Standard - 15 "Employee Benefits(revised)" issued by Institute of Chartered Accountants of India which requires employee benefits need to be valued on actual basis. The effect of the above difference in valuation as stated above on the financial statements is not ascertainable as the relevant information is not readily available with the Company.
- 4.8 Subject to our comments as referred in Para 3 and 4.6 and 4.7 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, 2008;
 - (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

Place ; Bangalore

D. R. Venkatesh

Date : 28th June 2008

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 including quantitative details 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. 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 clause 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.22.50 lakhs and repaid to the extent of Rs.21.71lakhs. The balance payable as on the balance sheet date is Rs. 8.83lakhs.
 - 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 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 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.

- 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, 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, 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 which is in excess of 50% of its 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 by the management, 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 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.
 - Investments are in the Company's 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

Place ; Bangalore
Date : 28th June 2008

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 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. The premium payable to Life Insurance Corporation of India is provided on an annual 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 Company's 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.

BALANCE SHEET AS AT 31st MARCH 2008

PARTICULARS	Sch. No.	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Equity Share Capital	1	3,00,29,000	3,00,29,000
Reserves and Surplus	2	4,52,24,161	3,88,49,026
Total		7,52,53,161	6,88,78,026
LOAN FUNDS			
Secured Loans	3	7,87,27,001	9,12,88,819
Unsecured Loans	4	16,71,941	7,79,271
Total		8,03,98,942	9,20,68,090
Deferred Tax Liability		50,76,727	43,74,430
Total Sources		16,07,28,830	16,53,20,546
APPLICATION OF FUNDS			
FIXED ASSETS			
Less: Accumulated Depreciation	5	10,22,17,934	9,59,92,257
Net Book Value		5,13,17,220	4,72,89,699
Add: Capital Workin Progress including capital Advances	6	50,35,673	39,69,222
Total		5,59,36,387	5,26,71,780
INVESTMENTS			
Immovable Properties	7	9,84,868	9,84,868
Investment to Securities		51,84,676	72,14,205
Total		61,69,544	81,99,073
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	8	7,36,36,812	5,53,03,281
Sundry Debtors		4,96,23,970	3,71,79,486
Cash and Bank Balances		33,81,657	56,30,863
Loans and advances		2,69,08,810	2,47,21,097
Gross Current Assets		15,35,51,249	12,28,34,727
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	9	5,33,67,191	1,80,93,926
Provisions		15,61,159	2,91,108
Total		5,49,28,350	1,83,85,034
NET CURRENT ASSETS			
Total Applications		16,07,28,830	16,53,20,546
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 of Directors

D.R. Venkatesh
Partner
Membership No. 25087

B. Shantilal
Managing Director

Pramod Kumar S
Executive Director

Place: Bangalore
Date : 28th June 2008

Sunil S Jain
Director

Anand Tamirisa
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2008

PARTICULARS	Sch. No.	For the Year ended 31.03.2008 (Rs.)	For the Year ended 31.03.2007 (Rs.)
Revenues			
Sales	10	55,49,47,415	56,71,29,110
Other Income	11	3,50,21,882	2,43,77,883
Accretion (Decretion) to Inventory	12	71,390	13,93,349
Foreign Exchange Income		2,33,957	-
Total	A	59,02,74,644	59,29,00,342
Cost of Revenue			
Operating Expenses	13	54,46,77,183	56,15,87,782
Administrative, Selling and Distribution Expenses	14	1,90,21,277	1,51,96,478
Depreciation	5	40,27,522	38,27,718
Total	B	56,77,25,982	58,06,11,978
Profit before Interest & Income Taxes	C=A-B	2,25,48,663	1,22,88,364
Interest Expenses	15	1,21,47,749	1,05,26,375
Profit before Taxes		1,04,00,914	17,61,989
Income Tax Expenses		(14,00,000)	(1,55,000)
Deferred Tax Asset / (Liability)		(7,02,297)	(2,09,231)
Fringe Benefit Tax, net of reversal		(1,90,057)	(1,61,136)
Profit after Tax		81,08,560	12,36,622
Add: Balance brought forward		1,58,24,826	1,45,88,204
Profit available for appropriations		2,39,33,386	1,58,24,826
Less: Appropriations			
Interim Equity Dividend		15,01,450	-
Tax on Interim Equity Dividend		2,31,975	-
Balance in Profit and Loss Account		2,21,99,961	-
Balance carried to Balance Sheet		2,21,99,961	1,58,24,826
EARNING PER SHARE			
Equity Share of Par Value of Rs.10/- Each			
Basic earning per share - Before Tax		3.46	0.59
Basic earning per share - After Tax		2.70	0.41
Number of Shares used in computing earning per share		30,02,900	30,02,900

(Refer Note No.13 of Notes to Accounts)

Notes to Accounts

19

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

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 of Directors

D.R. Venkatesh
Partner
Membership No. 25087

B. Shantilal
Managing Director

Pramod Kumar S
Executive Director

Place: Bangalore
Date : 28th June 2008

Sunil S Jain
Director

Anand Tamirisa
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2008

PARTICULARS	Sch No	For the Year ended 31.03.08		For the Year ended 31.03.07	
A Cash Flow from Operating Activities					
Net profit before tax			10400914		1761989
Adjustments for:					
Depreciation	5	4027522		3827718	
Interest Expenses		12147749		10526375	
Loss on Sale of Assets		-		123359	
Loss on Sale of Securities		279517		795640	
Interest on FD/ Other deposits		(891622)		(1088577)	
Divident received		(12031)		(382855)	
Profit on sale of Securities		(21949588)	(6398453)	(10180388)	3621272
			4002460		5383261
Operating Profit before Working Capital Changes					
Adjustments for:					
(Increase) / decrease in Sundry Debtors		(12444484)		3213991	
(Increase) / decrease in Work in Progress		(18333531)		(24878574)	
(Increase) / decrease in Loans and advances	16	(187713)		1059270	
Increase / (decrease) in Current Liabilities & Provisions		35143314	4177586	9197040	(11408273)
Cash Generated from Operaing Activities			8180046		(6025012)
Cash Generated from Operaing Activities		(2190057)			(416136)
Interest (Paid)		(12147749)	(14337806)		(10526375)
Net Cash (used in) Operations			(6157760)		(16967523)
B. Cash Flows from Investing Activities					
Purchase of Fixed Assets and Change in					
Capital Work in Progress	17	(7292128)		(7481645)	
Sale / (Purchase) of Investments - net (Non Trade)	18	23699601		12310342	
Interest on Fixed / Other Deposits Received		891622		1088577	
Dividend Received		12031		382855	
Net Cash from Investing Activity			17311127		6300129
C. Cash Flows from Financing Activities					
Dividend Paid inclusive of dividend tax		(1733425)			
Proceeds (Repayment) from borrowing		(11669150)		12680531	
Net Cash (Used in) Financing Activities			(13402575)		12680531
Net decrease in Cash & Cash Equalents (A+B+C)			(2249209)		2013137
Cash & Cash equalents at the begning of the year			5630865		3617728
Cash & Cash equalents at the end of the year			3381657		5630865
Notes to Accounts	19				

Accounting policies and 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

For and on Behalf of the Board of Directors

D.R. Venkatesh
Partner
Membership No. 25087B. Shantilal
Managing DirectorPramod Kumar S
Executive DirectorPlace: Bangalore
Date : 28th June 2008Sunil S Jain
DirectorAnand Tamirisa
Company Secretary

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
SCHEDULE NO. 1		
SHARE CAPITAL		
Authorised Capital		
35,00,000 Equity Shares of Rs.10/- each (35,00,000 Equity Shares of Rs.10/- each)	<u>3,50,00,000</u>	<u>3,50,00,000</u>
Total	3,50,00,000	3,50,00,000
Issued, Subscribed and Paidup Capital		
30,02,900 Equity Shares of Rs.10/- each (30,02,900 Equity Shares of Rs.10/- each)	<u>3,00,29,000</u>	<u>3,00,29,000</u>
Total	3,00,29,000	3,00,29,000
SCHEDULE NO. 2		
RESERVES & SURPLUS		
Securities Premium	2,18,33,200	2,18,33,200
Profit & Loss Account	2,21,99,961	1,58,24,826
Add: Investment Allowance Reserve - Utilised	<u>11,91,000</u>	-
	2,33,90,961	1,58,24,826
Investment Allowance Reserve - Utilised	-	11,91,000
Total	4,52,24,161	3,88,49,026
SCHEDULE NO. 3		
SECURED LOANS		
Long Term Loan		
- Term Loan		
Term Loan - HDFC Bank	19,35,171	-
- Vehicle Loan		
ICICI Bank Vehicle Loan *	7,33,257	15,48,522
Reliance Vehicle Loan *	10,88,773	-
Short Term Loan		
- Bank Overdraft		
Karnataka Bank Limited Secured Over Draft	-	8,97,40,297
HDFC Bank - Secured Over Draft	7,45,77,962	-
Karnataka Bank Limited MBB A/c	1,31,488	-
SBBJ Current Account	2,60,350	-
Interest Accrued and due on the above Loan	-	-
Total	7,87,27,001	9,12,88,819

- Secured Over Draft Facility from HDFC Bank Ltd. is secured by Hypothecation of Wheat & Wheat Products, Packing Material and Book Debts. Karnataka Bank secured overdraft has been closed during the year.
- ICICI vehicle loan is secured by hypothecation of Tata Tempo, Maruthi Swift Car, Maruthi Baleno Car & Tata truck, includes loan payable with in the year amounting to Rs. 13,19,497 Container.
- Reliance vehicle loan is secured by hypothecation of Canter Logan Car.
- The above secured loans are covered by the Personal Guarantees of the Promoter Directors.

SCHEDULE NO. 4

	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
UNSECURED LOANS		
Deposit from Directors	13,91,941	7,79,271
Deposit from Share Holders	2,80,000	-
Interest Accrued and due on above loan	-	-
Total	16,71,941	7,79,271

SCHEDULE NO. 5

FIXED ASSETS

SL	PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		AS ON 01.04.2007	Addition/	Deletion	AS On 31.03.2008	Upto 31-03-2007	For the Year	Adjust- ment	UPTO 31.03.2008	AS ON 31.03.2008	AS ON 31.03.2007
1	Land	64,48,148	440	-	64,48,588	-	-	-	-	64,48,588	64,48,148
2	Building - Factory	2,72,96,001	26,19,806	-	2,99,15,807	67,82,139	9,10,924	-	76,93,063	2,22,22,744	2,05,13,862
3	Building - Office	13,75,010	-	-	13,75,010	68,585	45,925	-	1,14,511	12,60,499	13,06,425
4	Plant & Machinery	4,99,99,387	15,49,142	2,39,434	5,13,09,095	3,64,36,544	22,37,409	(1,967)	3,86,71,986	1,26,37,109	1,35,62,843
5	Vehicles	35,57,785	6,43,106	-	42,00,891	8,78,196	2,35,699	-	11,13,895	30,86,996	26,79,589
6	Transportation Vehicle	30,87,198	8,24,607	-	39,11,805	9,22,658	2,89,628	-	12,12,286	26,99,519	21,64,540
7	Furniture & Fixtures	21,08,056	4,03,472	-	25,11,528	10,62,305	1,44,241	-	12,06,546	13,04,982	10,45,751
8	Computer	12,09,289	2,56,279	-	14,65,568	8,60,025	96,700	-	9,56,724	5,08,844	3,49,264
9	Office Equipments	6,93,124	1,15,670	-	8,08,794	2,32,130	57,903	-	2,90,033	5,18,761	4,60,994
10	Lab Equipment	2,18,259	2,089	-	2,20,348	47,117	11,060	-	58,177	1,62,171	1,71,142
11	Other Items	-	50,500	-	50,500	-	-	-	0	50,500	-
	TOTAL	9,59,92,257	64,65,111	2,39,434	10,22,17,934	4,72,89,699	40,29,489	(1,967)	5,13,17,220	5,09,00,714	4,87,02,558
	Previous Year	9,07,24,212	58,21,692	5,53,647	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

SCHEDULE NO. 6

	As at 31.03.2008	As at 31.03.2007
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
Godown Construction	2,98,617	-
Import Machinery	30,92,147	-
Total	50,35,673	39,69,222

SCHEDULE NO. 7

INVESTMENTS

PARTICULARS	QUANTITY AS ON		FACE VALUE	COST 31.03.2008	AS AT 31.03.2007
	31.03.2008	31.03.2007			
QUOTED TRADE FULLY PAID : (Non Trade at cost)					
Datar 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
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

Sunil Agro Foods Limited

PARTICULARS	QUANTITY AS ON		FACE VALUE	COST	AS AT
	31.03.2008	31.03.2007			
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	9,642	10	5,18,533	5,64,100
Mukund IND Finance	12,119	5,700	10	93,864	61,704
color chips	5,000	5,000	10	1,22,104	1,22,104
Krishna Life	5,000	10,000	1	28,082	56,164
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
Dharani Sugers & Chemicals Limited	7,755	5,000	10	2,93,278	3,24,799
Surya Lakshmi Equity	2,000	2,000	10	3,23,631	3,23,631
Virtual Dynamic Software Ltd.,	2,800	2,800	10	-	-
MRPL	40	-	10	2,882	-
Mercator Line	1,000	-	1	1,62,830	-
MSK Project	345	-	10	49,629	-
Reliance Petroleum	3,850	-	10	6,59,652	-
Shree Digvijay Cement	2,500	-	10	1,01,325	-
Reliance Industries Ltd	75	-	10	1,76,377	-
Karnataka Bank Ltd	-	492	10	-	54,920
Man Industries	-	1,000	10	-	2,56,171
Mark Sans Pharma	-	1,000	10	-	3,09,012
Gati Limited	-	1,000	2	-	1,19,316
Renuka Sugers	-	2,000	10	-	11,00,000
Todays Writing Products Limited	-	2,728	10	-	2,19,795
Total				49,83,275	59,62,804
Aggregate Market Value of Quoted Investments				28,30,995	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	10	-	10,00,000
Total				1,00,000	11,00,000
GOVERNMENT SECURITIES :					
National Savings Certificates				1,400	1,400
NON TRADE INVESTMENTS : Mutual Fund					
ING VYSYA			10	-	50,000
Kotak Life			10	1,00,000	1,00,000
Total				1,01,400	1,51,400
Total Quoted and Unquoted Long Term investments				51,84,676	72,14,205
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
Grand Total				61,69,544	81,99,073
Total				81,99,073	1,11,24,666
Grand Total				1,54,13,278	2,12,64,464

SCHEDULE NO. 8

	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
A] Current Assets		
i) Inventory		
a) Raw Materials	5,94,50,782	4,20,37,097
b) Finished Products	99,06,902	98,35,512
c) Packing Material	28,85,339	29,87,751
d) Consumable Stores/ Lab Chemicals / Diesel	13,93,789	4,42,921
	<u>7,36,36,812</u>	<u>5,53,03,281</u>
ii) Sundry Debtors		
Debt outstanding for a period Exceeding Six Months		
Unsecured, considered good	42,08,808	38,76,378
Unsecured, considered Doubtful		
Other Debts		
Unsecured, considered good*	4,54,15,162	3,33,03,108
[Includes Rs.20,74,632/- receivable from the company under the same management]		
Unsecured, considered Doubtful		
	<u>4,96,23,970</u>	<u>3,71,79,486</u>
iii) Cash and Bank Balances		
a) Cash on hand	17,86,120	4,00,666
b) Cash with Scheduled Banks		
- In Current Account	29,702	15,16,997
- In Term Deposit Account	15,65,835	37,13,200
(Held as margin money for bank guarantees as on 31st March 2008 is 15.66 lakhs 31st March 2007 is 31.44 lakhs).		
	<u>33,81,657</u>	<u>56,30,863</u>
Total - A	<u>12,66,42,439</u>	<u>9,81,13,630</u>
B] Loans and Advances		
[Unsecured; considered good, recoverable in cash or in kind or for value to be received.]		
Inter Corporate Deposit *	42,38,726	39,48,701
* Includes Rs.2,90,025/- interest receivable net of TDS (Previous Year Rs.3,75,000/-)		
* Includes Rs.25,00,000/- paid to the Company In which relative of director is a director of that company and interest accrued there on (Previous Year Rs.25,00,000/-)		
Loans And Advances	1,62,43,673	1,67,54,030
[Includes Rs.71,38,638/- due from other Company under same management (Previous Year 67,31,654/-)]		
Loans and advances to Staff	2,13,475	2,12,430
Advance Income Tax	21,50,000	1,50,000
Deposits with Government Departments and Others	40,62,936	36,55,936
Total - B	<u>2,69,08,810</u>	<u>2,47,21,097</u>
Total Current Assets	<u>15,35,51,249</u>	<u>12,28,34,727</u>
	[A + B]	

SCHEDULE NO. 9

	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
A) Current Liabilities		
Sundry Creditors for Goods, Expenses and Services		
- Due to Small Scale Industrial Units	-	-
- Others		
Sundry Creditors for Purchases	4,86,82,904	1,07,83,684
Sundry Creditors for Expenses	26,48,476	18,84,821
Sundry Creditors for Others	14,57,605	16,49,648
Interest Accrued but not due on Secured Loans	22,983	-
Advance Received From Customers	5,55,223	37,75,773
	5,33,67,191	1,80,93,926
B) Provisions		
Fringe Benefit Tax	2,04,013	1,76,177
Less: Advance Tax paid	1,34,575	1,31,790
	69,438	44,387
Provisions for Taxation	14,00,000	1,55,000
Provisions for fall in value of shares	91,721	91,721
	15,61,159	2,91,108
Total	5,49,28,350	1,83,85,034

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	For the Year Ended 31.03.2008 (Rs.)	For the Year Ended 31.03.2007 (Rs.)
SCHEDULE NO. 10		
SALES		
a) Maida	29,31,44,261	26,06,09,913
b) Sooji	6,39,34,503	7,45,47,694
c) Atta	8,60,44,521	10,41,41,537
d) Rough Bran	4,81,40,202	5,44,39,754
e) Bran Flakes	2,83,51,148	2,49,98,242
f) Wheat	2,13,23,574	3,99,30,034
g) Others	1,38,80,109	83,44,797
Total	<u>55,48,18,318</u>	<u>56,70,11,971</u>
Add: Sales Tax & Cess Collected	1,29,097	1,17,139
Total	<u>55,49,47,415</u>	<u>56,71,29,110</u>

SCHEDULE NO. 11**OTHER INCOME**

Other Income		
Dividend from indian companies (Non Trade)	12,031	3,82,855
Profit on Sale Of Securities (Non Trade)	2,19,49,588	1,01,80,388
Insurance Claim	42,996	18,181
Interest on Fixed Deposit & Bonds (Gross)*	3,66,069	5, 73,998
Interest, Received on Deposit - ICD (Gross) *	3,75,000	3,75,000
Interest on KPTCL Deposit	1,50,553	1,39,579
Miscelenious Income	55,65,769	12,94,092
Balance Written Off.	19,880	23,222
Profit on Sale of NCDEX Trading & Other trading	-	37,36,517
Rent :		
Terrace Space	1,86,672	1,80,596
Tempo/Truck Freight Received	14,24,548	9,55,874
Weighment Charges Received	1,70,135	1,48,200
Custom Milling Charges *	47,58,641	63,69,381
Total	<u>3,50,21,882</u>	<u>2,43,77,883</u>
* Tax deducted at source	<u>3,14,839</u>	<u>3,22,134</u>

SCHEDULE NO. 12

ACCRETION/(DECRETION) TO INVENTORY

Wheat Products	Opening Stock As of April 2007 Rs.	Closing Stock As of April 2008 Rs.	Accretion/ (Decretion) Rs.
Maida	53,78,616	57,93,731	4,15,115
Sooji	15,79,050	16,69,533	90,483
Atta	18,54,183	12,54,140	(6,00,043)
Bran Rough	6,61,874	8,74,110	2,12,236
Bran Flakes	3,61,789	3,15,388	(46,401)
Total	98,35,512	99,06,902	71,390
Previous Year	84,42,163	98,35,512	13,93,349

SCHEDULE NO. 13

	For the Year Ended 31.03.2008	For the Year Ended 31.03.2007
OPERATING EXPENSES		
Raw Material Consumed	46,00,05,496	44,71,94,506
Purchase Of Wheat Trading	2,30,37,093	3,77,59,167
Purchase Of Wheat Products	2,51,02,901	5,10,38,770
Purchase Other products	1,04,74,496	-
Custom Milling Charges	30,93,990	29,54,488
Freight & Carriage Inwards	1,11,035	2,00,722
Packing Material Consumed	53,52,954	39,14,307
Power & Diesel Charges	1,27,58,478	1,34,96,351
Stores & Spares Consumed	3,80,806	2,60,000
Wages/ Labour Charges	23,60,599	21,46,702
Storage Charges & Fumigation Charges	70,504	3,79,030
Insurance	3,32,222	3,75,208
REPAIRS & MAINTENANCE		
a) Plant & Machinery	6,31,116	10,12,007
b) Building	1,31,531	1,54,323
c) Diesel Generator	25,444	8,784
Labouratory Expenses	8,08,518	6,93,417
Total	54,46,77,183	56,15,87,782

SCHEDULE NO. 14

	For the Year Ended 31.03.2008 (Rs.)		For the Year Ended 31.03.2007 (Rs.)	
Administration, Selling and Distribution Expenses				
Directors Remuneration & Expenses				
Remuneration	11,10,000		10,85,500	
Bonus	92,500		90,458	
Contribution to Provident Fund	1,33,200		1,30,260	
Sitting Fees	20,000		12,000	
Directors Welfare	1,89,575		1,53,008	
Directors Foreign Tour Expenses	2,32,037		1,46,990	
Subscription and Entertainment	4,11,426		59,140	
Traveling Expenses & Others	2,05,866	23,94,604	4,46,456	21,23,812
Employee Cost				
Salary	12,86,680		11,28,624	
Bonus	3,03,940		2,72,944	
Employees State Insurance	1,58,544		1,41,123	
Provident Fund	3,65,690		3,34,153	
Leave Encashment	86,226		91,324	
Canteen Expenses	6,45,668	28,46,748	5,44,468	25,12,636
Auditors Remuneration:				
For Statutory Audit	60,000		60,000	
For Other Services	61,000		35,000	
Out of pocket expenses (including Service tax)	37,075		15,078	
		1,58,075		1,10,078
Printing & Stationery		3,59,660		1,61,102
Rates, Taxes and Other fees		2,53,028		6,09,779
Postage, Telegram & Telephone		6,51,104		6,09,677
Carriage Outward		25,68,025		23,45,606
Internal Audit fees & Expenses		70,056		52,510
Brokerage and Commission		85,545		1,65,150
Advertisements		1,15,884		1,25,286
Discount Allowed		13,57,269		10,99,576
General And Miscellaneous Expenses		9,65,035		6,43,723
Loss On Sale Of Securities		2,79,517		7,95,640
Repairs & Maintenance Others		5,85,020		1,67,816
Entry Tax		52,089		68,077
VAT		1,29,097		1,17,139
LIC Group Gratuity		43,012		41,651
Truck/ Tempo Vehicle Maintenance		32,13,901		24,47,994
Vehicle Maintenance		4,68,536		4,94,494
Sales Tax Relating to Earlier Years		2,29,423		1,55,289
Loss From Derivatives - Net		19,84,852		-
Securities Trading Expenses		2,10,797		-
Travelling & Halting Expenses		-		1,16,363
Rent		-		18,000
Fall in value of shares		-		91,721
Loss on Sale of Assets		-		1,23,359
Total		1,90,21,277		1,51,96,478

SCHEDULE NO. 15

	For the Year Ended 31.03.2008 (Rs.)	For the Year Ended 31.03.2007 (Rs.)
FINANCIAL CHARGES		
Interest on Secured Overdraft	1,01,89,169	82,24,333
Bank Charges & Commission	14,46,495	19,28,562
Interest on Deposits & Others	1,46,700	2,36,123
Interest on Car Loan	1,46,339	1,37,357
Interest on Term Loans	2,19,046	-
Total	1,21,47,749	1,05,26,375

SCHEDULES FORMING PART OF THE CASH FLOW STATEMENT

SCHEDULE NO. 16

CHANGES IN LOANS AND ADVANCES

Opening Balance	2,47,21,097	2,56,80,367
Less: Advance Income Tax Separately Considered	20,00,000	1,00,000
Balance as per Balance Sheet - Closing Balance	(2,69,08,810)	(2,47,21,097)
Total	-1,87,713	10,59,270

SCHEDULE NO. 17

**PURCHASE OF FIXED ASSETS & CHANGES
IN CAPITAL WORK IN PROGRESS**

Purchase of Fixed Assets other than Motor Car - net	(58,22,005)	(49,68,489)
Less: Deletion of Fixed Asset	2,39,434	
Less: Opening Capital Work in Progress	39,69,222	20,19,269
Add: Closing Work in Capital	(50,35,673)	(39,69,222)
Total A	(66,49,022)	(69,18,442)
Purchase of Motor Car	(6,43,106)	(8,53,203)
Less: Sale Proceeds of Motor Car	0	2,90,000
Total B	(6,43,106)	(5,63,203)
Total A+B	(72,92,128)	(74,81,645)

SCHEDULE NO. 18

INVESTMENTS IN SECURITIES INCLUDING TERM DEPOSITS

Opening balance Considered	81,99,073	1,11,24,666
Less: Purchases Made during the year	(72,73,208)	(9,13,08,646)
Add: Sale of Investments	2,89,43,280	10,06,93,395
Balance as per Balance Sheet - Closing Balance	(61,69,544)	(81,99,073)
Total	2,36,99,601	1,23,10,342

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	:	37626.595 Mts. (39679.811 Mts)
- Customer Milling	:	5460.766 Mts (7611.424 Mts)

2 Wheat Products

	Opening Stock(Mts)		Closing Stock (Mts.)	
	Current Year	Previous Year	Current Year	Previous Year
Maida	413.225	391.815	419.505	413.225
Sooji	100.915	0.185	112.77	100.915
Atta	145.825	201.590	105.646	145.825
Bran Rough.	77.796	135.333	215.094	77.796
Bran Flakes	54.893	90.950	107.458	54.893

(Amount in Rs.)

3 a) Value of Raw Material Consumed

Wheat Products	Current Year		Previous Year	
	Consumption	% Consumption	Consumption	%
Imported	6254958	1.36	-	-
Indigenous	453750538	98.64	447194506	100
Total	460005496	100	447194506	100

b) Value of spare parts and components consumed

	Current Year		Previous Year	
	Consumption	% Consumption	Consumption	%
Imported	-	-	-	-
Indigenous	380806	100	260000	100
Total	380806		260000	

c) Sales

(Quantity in metric tonnes)

	For the year ended 31.03.2008		For the year ended 31.03.2007	
	Quantity	Amount	Quantity	Amount
Domestic Sales				
1) Maida	19194.435	293144261	19405.325	260609913
2) Sooji	4120.17	63934503	5126.815	74547694
3) Atta	7084.31	86044521	7828.33	104141537
4) Bran Rough	6927.627	48140202	7944.96	54439754
5) Bran Flakes	3494.962	28351148	3803.988	24998242
6) Wheat	1781.369	21323574	2387.225	39930034
7) Others		13880109	2011.411	8344797
Total	42602.87	554818318	48508.054	567011971

j) Raw Material Consumed (Quantity in metric tonnes)	For The Year Ended 31.03.2008		For The Year Ended 31.03.2007	
	Quantity	Amount	Quantity	Amount
Opening Stock	3276.469	42037097	1893.878	18759611
Add: Purchases (net of discount)	41510.971	500456274	43449.627	508231159
Total	44787.44	542493371	45343.505	526990770
Less: Cost of Wheat Sold	1781.369	23037093	2387.225	37759167
Total	43006.071	519456278	42956.28	489231603
Less: Closing Stock	4552.598	59450782	3276.469	42037097
Wheat Consumed	38453.473	460005496	39679.811	447194506

- 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, Krishnarajapuram 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.
- d. In the earlier years the company purchased vacant sites at No.38 & 39 to the extent of 3729 Sq Feet at Chokkahalli Kasaba, Hoskote, Bangalore Rural District for Rs.1,06,970/- and has constructed a residential building.
- e. During the year 2004 - 2005, the company has purchased land at Mavalli Village Sy nNO.535, Marasur Village, Kasaba Hobli, Anekal Taluk, Bangalore District measuring 2620 Sq feet for Rs.4,22,025/-

Particulars	For the Year 2007-08	For the Year 2006-07
5 Capital work remaining to be executed (net of advance)	NIL	NIL
6 Earnings in foreign exchange - Export Sales	NIL	NIL
7 a) Expenditure in foreign currency during the financial year on account of royalty, professional consultancy fees, know how etc	NIL	NIL
b) Traveling expenses : Expenses	Rs.1,03,850	Rs.59,250
	\$3,000	Euro 1,000
	Rs.33,600	
	Euro 600	
: Ticket & Visa Charges	94,588	
c. Value of Import of Machinery on CIF Basis	CHF 33,087	NIL
	Rs.11,25,851	
	CHF 46,913	
	Rs.16,22,875	
d. Other contract negation charges	NIL	NIL

8 Investment in Residential Flat

- a In the earlier years, the company purchased and took possession of 830 Sq Feet 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 to in the operations of the company.
- 9 The liability towards gratuity has been insured with LIC, under group gratuity Scheme. Company has not provided the employee benefits on Actuarial Valuation as required by AS - 15. The management is of the opinion that company has adequate reserves to discharge the liability when it arise.
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.

Annual Report 2007 - 2008

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	21323574	39930034	533623841	527199076	554947415	567129110
Segment Results	(1713519)	2170867	8027619	936092	6314100	3106959
Add: Unallocated Income					35255839	24377883
					41569939	27484842
Less: Unallowable Corporate Expenses						
Admin, Selling and Distribution Expense					19021277	15196478
Financial Charges					12147749	10526375
Profit before taxation					10400914	1761989
Provision for taxation						
Current Tax					1400000	155000
Deferred Tax					702297	209231
Fringe Benefit Tax					190057	161136
Profit after Tax					8108560	1236622

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 Assets						
Fixed Assets			50900714	48702558	50900714	48702558
Capital Work-in Progress			5035673	3969222	5035673	3969222
Inventory			14186030	55303281	14186030	55303281
Cash & Bank Balances			73636812	5630863	73636812	5630863
Segment Liabilities						
Secured Loans			78727001	91288819	78727001	91288819
Unsecured Loans			1671941	779271	1671941	779271
Unallocated Segment Assets						
Investments					6169544	8199073
Debtors					49623970	37179486
Loans and Advances					26908810	24721097
Unallocated Segment Liabilities						
Current Liabilities & Provisions					54928350	18385034

- 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	489699078	532682081	65248337	34447029	554947415	567129110
Unallocated Revenue					35327229	25771232
Total Revenue	489699078	532682081	65248337	34447029	590274644	592900342
Segment Assets	37668982	33171849	11954988	4007637	49623970	37179486
Unallocated Assets					176837583	146526094
Total Assets					226461553	183705580

11 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 2007 - 2008.

Name of the Party	Relationship	Nature of transaction	Amount(Rs.)
Mr. Pramod Kumar S	Executive Director	Opening Balance - Dr	986947
		Less: Loan repaid by Pramod	986947
		Add: Deposit Received	8563053
		Less: Deposit Repaid	7774092
		Closing Balance - Cr	788961
Mr. B Shantilal	Managing Director	Opening Balance - Cr	779271
		Add: Deposit Received	1600000
		Add: Interest on deposit	141700
		Less: Interest & Deposit Paid	1917990
		Closing Balance - Cr	602981
Mrs. Pinky Jain	Spouse of Executive Director	Opening Balance	NIL
		Add: Deposit Received	400000
		Less: Deposit Repaid	120000
		Closing Balance - Cr	280000
		Closing Balance (Cr)	779271
Smt. Kamala Bai	Spouse of Managing Director	Opening Balance	NIL
		Add: Deposit Received	275000
		Add: Interest on deposit	5000
		Less: Interest & Depsot Paid	280000
		Closing Balance	NIL
Belgaum Roller Flour Mills Private Limited	Under the Control of Same management	Opening Balance - Dr	165674
		Add: Sales made	103620
		Add: Custom Milling Charges	110964
		Less: Purchase Made	3554005
		Less: Discount Received	7200
		Add: Payment made - net	3284005
		Closing Balance - Cr	103058
Brindavan Roller Flour Mills Private Limited	Under the Control of Same management	Opening Balance - Dr	1257732
		Add: Sales Made	637400
		Add: Advance given for purchase of Wheat Products	230500
		Closing Balance - Cr	2125632
		ICD - Opening	2875000
		Add: Interest (net of TDS)*	290025
		Closing Balance - ICD	3165025
		* Interest on ICD for the year 2007 - 2008 is Rs	375000
Pushkar Investments Private Limited	Under the Control of Same management	Opening Balance - Dr	789550
		Less: Amount Received	641350
		Closing Balance - Dr	148200
Brindavan Softland Private Limited	Under the Control of Same management	Opening Balance - Dr	5359248
		Less: Custom Milling Charges	1611774
		Add: Payment Made	3391164
		Closing Balance - Dr	7138638
Sunil AG	One of the partner is a director of the company	Opening Balance - Dr	284975
		Add: Sales Made	24015
		Less: Payment Received - net	308990
		Closing Balance	NIL

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.186672 towards operating lease.

Lease rental commitments from Bharathi mobile is as follows:

Lease Rentals

	As at March 31,	
	2008	2007
Due with in one year of the balance sheet date	1,67,520	1,67,520
Due between one to five years	9,49,420	9,14,240
Due after five years	4,76,343	6,79,042

13 Earnings 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.10400914 (Previous Year Rs. 17,61,989). 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.8108560 (Previous Year Rs. 17,61,989).

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 recorded and Created a Rs.702297 as deferred tax liability and made deduction from the Profit and Loss Account.

Deferred Tax Balance as at 31st March 2008 of Rs. 5,076,727 is disclosed as liability.

The details are as follows:

Particulars	Amount (In Rs)
Opening Balance - Liability -1st April 2007	4374430
Add: Liability created (reversed) during the year	702297
Balance deferred tax liability as at 31st March 2008	5076727

15 Auditor's Remuneration:

Amount (In Rs)

The breakup of Auditor's remuneration is as follows:

Particulars	For the year ended March 31	For the year ended March 31
	Statutory Audit Fee	60,000
Other Services (taxation and company law matters)	61,000	35,000
Expenses (Including Service Tax)	37,075	15078
Total	1,58,075	1,10,078

16 a) Managerial Remuneration :

Remuneration paid/payable to managerial personnel

Name of the Managerial Person	Relationship	Year ended 31st March	
		2007 - 2008	2006 - 2007
Mr. B Shantilal	Managing Director*	390000	390000
Mr. Pramod Kumar Jain	Executive Director*	650000	650000
Smt. Kamala Bai	Director*	-	41167
Mr. Sunil S Jain	Director*	162500	94792
Contribution to Provident Fund for all the directors		133200	130260
Market value of the perquisite provided to all the directors		189575	153008
Total		1525275	1459226

Note: * Remuneration includes bonus of Rs.92,500/- provided (Financial year 2006 - 2007 Rs.90,458/-).
Remuneration does not include the gratuity premium paid to LIC

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

Particulars	March 31, 2008		March 31, 2007	
	Amount(Rs)		Amount(Rs)	
Profit before Taxation		10400914		1761989
Add: Managerial Remuneration	1335700		1306218	
Director's sitting fee	20000		12000	
Depreciation as per Accts	4027522	5383222	3827718	5145936
		15784136		6907925
Less: Depreciation as per Section 350 of the Companies Act, 1956	4027522		3827718	
Gain (net) on sale of Investments (non trade)	21670071	25697593	9384748	13212466
Net profit (Loss) as per Section 349 of Companies Act, 1956		(9913457)		(6304541)

Since Outcome of Calculation of profit is negative, remuneration needs to be paid on the basis of schedule XIII - Part - II

a. Calculation of Effective Capital

	March 31, 2008		March 31, 2007	
	(Amount In Rs)		(Amount In Rs)	
Paid up Capital		30029000		30029000
Add: Reserves & Surplus		38849026		37612405
Add: Long Term Loans		1548522		985766
		70426548		68627171
Less: Investments		8199073		11124666
Effective Capital		62227475		57502505

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

17 Contingent Liabilities

Amount (In Rs)

- a. During the earlier year the company has filed suit against four parties for recovery of Rs.28,68,894/-. Case is still pending in the court. Since the outcome of the results on the balance sheet date is not known, provision on the same is not made.
- b. 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, 2008.

Name of the Bank	Party to whom the guarantee given	Amount (Rs)
State Bank of Bikaner & Jaipur	Collector of Customs	205917

18. 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, 2008.

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

Particulars	Provision for Fringe Benefit Tax	
	Financial year 2007 - 2008	Financial year 2006 - 2007
Opening balance	44387	199170
Add: Addition during the year	204013	176177
Less: Amount used/ paid during the year	175288	315919
Less: Unspent Amount reversed during the year	3674	15041
Closing balance	69438	44387

20 Figures in bracket relates to previous year.

21 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 Number	LO1111 KA 1988 PTe 00861
State Code	8
Balance Sheet Dated	31-03-2008

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

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

III. Position of Mobilisation and Development of Funds(Amount in Rs.
Except for EPS)

Total Liabilities	160728830
Total Assets	160728830

SOURCE OF FUNDS

Paid Up Capital	30029000
Reserves and Surplus	45224161
Secured Loans	78727001
Unsecured Loans	1671941
Deferred Tax Liability	5076727

APPLICATION OF FUNDS

Net Fixed Assets	50900714
Capital Work in Progress	5035673
Investments	6169544
Net Current Assets	98622899
Miscellaneous Expenditure	Nil

IV. Performance of Company

Turnover (Gross Value)	590274644
Total Expenditure	579873731
Profit Loss Before Tax	10400914
Profit Loss After Tax	8108560
Earnings Per Share (Rs.)	2.7
Dividend(%)	5%

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 attendence 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 TWENTIETH ANNUAL GENERAL MEETING of the Members of the Company, being held on Saturday, the 6th September, 2008, at Registered office of the Company at Plot No. 39/A2, Hosakote Industrial area, Chokkahally, Hosakote - 562114, 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 Twentieth Annual General Meeting of the Company, to be held at 11-00 a.m. on Saturday, the 6th September 2008, and at any adjournment(s) therof.

Signed this.....day of.....2008

Affix One
Rupee
Revenue
Stamp

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.

BOOK - POST

If undelivered, please return to :

SUNIL AGRO FOODS LIMITED

No. 1/104, Ahuja Chambers,

Kumara Krupa Road,

Bangalore - 560 001.