

BOARD'S REPORT

Your Board of Directors has pleasure in presenting the Thirty First (31st) Annual Report together with the Audited Financial Statements for the financial year ended 31st March, 2019.

1. FINANCIAL RESULTS : (Rs. in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Total Income	13646.22	14305.00
Less: Expenditure	13164.13	13838.93
Profit before Interest and Depreciation	482.09	466.07
Less: Interest	231.89	263.39
Less: Depreciation	161.68	112.32
Profit Before Taxation	88.52	90.36
Less: Provision for Taxation	41.27	23.94
Profit After Taxation	47.25	66.42
Less: Other Comprehensive Income		
Items that will not be reclassified to profit or loss	1.75	1.84
Items that will be reclassified to profit or loss	0	0.25
Total Comprehensive Income	45.50	64.33

2. STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK:

Your Company continued to perform well during the year under report under certain challenges and hurdles. Overall business improved satisfactorily with better resource optimization and more effective controls. The Company's expansion program completed in previous year increased the production capacity, although the Company will take some time to stabilize the total production in the upcoming months. During the year under review, your Company has faced lot of challenges due to higher Minimum Support Price. Your Company has shown significant growth and registered higher turnover in manufacturing segment; however, there was no turnover from trading segment during the year. Further, higher depreciation provision resulted in decrease in profit of the Company.

Your Company has also installed Flour Silos and started the uniform mixing of flour and now the Company is in the process of installing Whole

Wheat Silos in the coming months.

The Shareholders may note that there is decrease in the revenues from Sales and Services to Rs. 13646.22 Lakhs in the current year as compared to Rs. 14305.00 Lakhs in the previous year due to reasons as mentioned above. Profit has decreased to Rs. 88.52 Lakhs in the current year compared to Rs. 90.36 Lakhs in the previous year.

Your Company has been facing competition from other players in the same space. Immense experience of the operating team at the factory helped the Company to achieve better performance. Rationalization of various inputs, expenditures and other resource allocation has been continuously followed.

3. MANAGEMENT DISCUSSION AND ANALYSIS:

a. Industry outlook and developments:

The food processing industry is one of the largest industries in India in terms of production, consumption and exports. In India, the food sector has emerged as a high-growth and high-profit sector due to its immense potential for value addition, particularly within the food processing industry. The Government of India has been instrumental in the growth and development of the food processing industry. The Government through the Ministry of Food Processing Industries (MoFPI) is making all efforts to encourage investments in the business. This sector is among the few that serves as a vital link between the agriculture and industrial segments of the economy. A thrust to the food processing sector implies significant development of the agriculture sector and ensures value addition to it.

b. Business Overview:

The Company has achieved a turnover of Rs. 13493.86 Lakhs (previous year Rs. 14213.07 Lakhs) for the financial year ended 31.03.2019 with a net profit of Rs. 45.49 Lakhs (previous year Rs. 64.33 Lakhs).

c. Opportunities: As stated earlier, your Company has completed its expansion which resulted in increase in production and is looking to commission Silos for blending and bulk supply of whole wheat flour.

d. No risk is expected during this year.

e. Outlook: The Company will strive for Better Values.

f. 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.

g. Human Resource Development:

The Company conducts regular training programs both internally and externally for Employees at all levels to improve the skills and overall development. Employees' relations at all the levels continue to remain cordial.

4. MATERIAL CHANGES AND COMMITMENTS:

There were no material changes and commitments which occurred, affecting the financial position of the Company between 31st March, 2019 and the date on which this report has been signed.

5. CHANGE IN THE NATURE OF BUSINESS:

There were no changes in the nature of business during the year under review as prescribed in Rule 8(ii) of the Companies (Accounts) Rules, 2014.

6. DIVIDEND:

Your Directors are pleased to recommend dividend of Re. 0.50 per Equity Share of the face value Rs. 10/- (5%) which is provided for in the accounts absorbing a sum of Rs. 15,01,450/- subject to the approval of Shareholders in the ensuing Annual General Meeting.

7. RESERVES:

The Board has not proposed to transfer any amount to its reserves.

8. SHARE CAPITAL:

The paid up Equity Share Capital as on 31st March, 2019 was Rs. 300.29 Lakhs. During the financial year under review, the Company has not issued shares with differential voting rights nor granted Stock Options nor Sweat Equity.

9. CAPITAL INVESTMENTS

Capital Investments during the financial year 2018-19 was at Rs. 536.50 Lakhs (Net of capital work-in-progress and capital advances).

10. CORPORATE SOCIAL RESPONSIBILITY:

Since the Company does not meet the criteria for

the applicability of Section 135 of the Companies Act read with the Companies (Accounts) Rules, 2015, this clause is not applicable.

11. RISK MANAGEMENT:

The Company has formulated a Risk Management Policy and a mechanism to inform the Board about risk assessment and mitigation procedures. The Company also undertakes periodical review to ensure that executive management controls risks by means of a properly designed framework.

12. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has a Whistle Blower Policy for vigil mechanism pursuant to the provisions of Sections 177(9) and (10) of the Companies Act, 2013 and as per Regulation 4(2)(d)(iv) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 which is available on website of the Company at <http://sunilagro.in/wp-content/uploads/2019/08/whistle-blower-policy.pdf> and there were no cases reported during last year.

13. INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES/ JV:

The Company does not have any Subsidiary, Joint Venture or Associate Company.

14. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

In terms of the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mrs. Pinky Jain (holding DIN: 03636974), Non-Executive Director, retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

Ms. Garima Garg is the Company Secretary and Compliance Officer (KMP) of the Company.

Mr. Shailesh Siroya resigned from the Board of Directors w.e.f 12th November, 2018 to comply with the Regulation 16 of SEBI (LODR) Regulations, 2015. Further in terms of Section 149(10) of the Companies Act, 2013, the Board in its Meeting held on 28th January, 2019, on the recommendation of the Nomination and Remuneration Committee, has appointed Mrs. Sarika Bhandari (DIN: 07140112) as an Additional and Independent Director, for term for a period of 5 years for a term up to 27th January, 2024, subject to the approval of Shareholders and the same has been included as one of the agenda items in the Notice convening the Annual General Meeting. Board received a declaration that

Mrs. Sarika Bhandari meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 ("the Act").

Brief resume of Mrs. Sarika Bhandari, is attached to the Notice of the Annual General Meeting.

Further, the Board in its Meeting held on 29th May, 2019, based on the recommendation of the Nomination and Remuneration Committee, has appointed Mr. Akshat Jain (DIN: 08424334) as an Additional and Whole Time Director, for term for a period of 3 years for a term up to 31st May, 2022, subject to the approval of Shareholders and the same has been included as one of the agenda items in the Notice convening the Annual General Meeting.

Brief resume of Mr. Akshat Jain, is attached to the Notice of the Annual General Meeting.

15. BOARD MEETINGS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the period under review Four (4) Board Meetings were held on 23rd May, 2018, 30th July, 2018, 12th November, 2018 and 28th January, 2019.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal. The details of other Committee Meetings during the financial year 2018-19 are given in the Corporate Governance Report.

16. CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:

A separate Report on Corporate Governance in terms of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing regulations") along with a Certificate from a Practising Company Secretary regarding compliance to the Conditions stipulated under Chapter IV of the Listing Regulations is annexed as Annexure - I.

17. ANNUAL BOARD EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has established an annual performance evaluation of its own performance, its Committee's and the Directors individually. The manner of evaluation has been explained in the Corporate Governance Report.

Further, the Independent Directors, at their

exclusive meeting held during the year reviewed the performance of the Board, its Chairman and Non-Executive Directors and other items as stipulated under the Listing Regulations.

18. DIRECTORS' RESPONSIBILITY STATEMENT:

In pursuance of Section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

19. INTERNAL FINANCIAL CONTROL:

The Company continued to maintain high standards of internal control designed to provide adequate assurance on the efficiency of operations and security of its assets. The adequacy and effectiveness of the internal control across various activities, as well as compliance with laid-down systems and policies are comprehensively and frequently monitored by your Company's management at all levels of the organization. The Audit Committee, which meets at-least four times a year, actively reviews internal control systems as well as financial disclosures with adequate participation, inputs from the Statutory, Internal and Corporate Secretarial Auditors.

20. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS:

The Company has received necessary declaration

from each Independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations.

21. EXTRACT OF ANNUAL RETURN:

As required pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in MGT-9 is annexed as Annexure – II as a part of this Annual Report.

22. DEPOSITS:

Your Company has not invited/accepted/renewed any deposits from the public as defined under the provisions of Companies Act, 2013 and accordingly, there were no deposits which were due for repayment on or before 31st March, 2019.

23. RELATED PARTY TRANSACTIONS:

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act 2013 for the Financial Year 2018-19 in the prescribed format, AOC 2 is enclosed as Annexure – III as a part of this Annual Report.

24. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

The Company has duly complied with the provisions of Section 186 of the Companies Act, 2013 and it has taken:

Secured Loans:	Rs. 63,92,298/-
Unsecured Loans:	Rs. 2,54,59,464/-
Current/Non-Current Investments:	Rs. 6,71,350/-
Guarantees:	Nil

Securities Extended: Secured by the certain immovable properties of the Company, hypothecation by way of first charge on company's stock, book debts, plant and machinery, vehicles and term loan repayable within 3 years in equal monthly installments.

25. AUDITORS:

Messrs GRV & PK, Chartered Accountants, Bangalore (Firm Registration No. 008099S) were appointed, in the Annual General Meeting held on 21st September 2017, for a consecutive term of five years from the conclusion of 29th Annual General Meeting till the Conclusion of 34th Annual General Meeting.

Remuneration Details (2018-19):

	In Rs
Statutory Audit	2,00,000/-
Taxation Audit Fee	-
Limited Review Fee	48,100/-
Total	2,48,100/-

The Statutory Auditors have observed below material weaknesses in the Auditor's Report:

- a) The Company does not have appropriate control system over cash handling as so many payments at factory are made in cash, this could potentially result in unauthorised cash payments resulting in fraudulent transactions.
- b) The Company did not have an appropriate internal control system for obtaining external balance confirmation on periodic basis. This could potentially result in inaccurate assets and liabilities disclosed in the books of accounts.

Board's Response:

- a) The Company will ensure to non-occurrence of such events and comply with the provisions in future.
- b) Independent firm of Chartered Accountants who have been appointed as Internal Auditors of the Company periodically checks the internal control system.

26. SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Vijayakrishna KT, Bangalore, Practising Company Secretary to undertake the Secretarial Audit of the Company. The Report of the Secretarial Auditor is annexed as Annexure – IV to this Report.

27. PARTICULARS OF EMPLOYEES:

The information required pursuant to Section 197 read with Rule 5(1) and (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Details/Disclosures of Ratio of Remuneration to each Director to the median employee's remuneration is annexed as Annexure – V to this report.

Further, the statement showing details in respect of employees of the Company are given in the Annexure – V forming part of the Report.

28. LISTING WITH STOCK EXCHANGES:

The Company confirms that it has paid the Annual Listing Fees for the financial year 2018-2019 to BSE Limited where the Company's Shares are listed.

29. MATERIAL ORDER PASSED BY ANY COURT OR REGULATOR OR TRIBUNALS IMPACTING GOING CONCERN STATUS OF COMPANY:

No order was passed by any court or regulator or tribunal during the year under review which impacts going concern status of the Company.

30. COMPOSITION OF AUDIT COMMITTEE, NOMINATION AND REMUNERATION COMMITTEE & STAKEHOLDERS RELATIONSHIP COMMITTEE

Following are the composition of various Committees:

i) Composition of Audit Committee:

1. Mr. AVS Murthy - Chairman
2. Mrs. Sarika Bhandari - Member
3. Mr. Pramod Kumar S - Member

ii) Composition of Nomination and Remuneration Committee:

1. Mrs. Sarika Bhandari - Chairman
2. Mr. AVS Murthy - Member
2. Ms. Pinky Jain - Member

iii) Composition of Stakeholders' Relationship Committee:

1. Mr. AVS Murthy - Chairman
2. Mrs. Sarika Bhandari - Member
2. Ms. Pinky Jain - Member

31. CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) Conservation of Energy:

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 have installed Solar Energy lights in the plant. Energy efficient electric Tubes have been installed to save energy. The Company has also 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.

3. Energy Audit done

Investment was made in machinery designed for

low energy consumption and such machinery was in operation in the period under review.

(B) Technology Absorption:

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.

(C) Foreign Exchange Earnings and Outgo:

The Company expended Rs. 12,93,326/- in foreign exchange during the year under review and the Company's earnings in foreign currency is Nil during the year under review.

32. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed-off during the financial year 2018-19:

No of complaints received: NIL
No of complaints disposed: NIL
No. of complaints pending: NIL

33. ACKNOWLEDGEMENTS:

The Directors place on record their appreciation for valuable contribution made by employees at all levels, active support and encouragement received from Government of India, Government of Karnataka, Company's Bankers, Customers, Principals, Business Associates and other Acquaintances.

Your Directors recognize the continued support extended by all the Shareholders and gratefully acknowledge with a firm belief that the support and trust will continue in the future also.

For and Behalf of the Board of Directors

Place : Bengaluru	SHANTILAL BANSILAL	PRAMOD KUMAR S
Date : 29.05.2019	Managing Director	Chief Executive
	DIN: 00719808	Officer & Director
	No. 10, Kamal Nivas	DIN: 00719828
	Srikantaiah Layout	No. 10, Kamal Nivas
	Crescent Cross Road	Srikantaiah Layout
	Bengaluru - 560 001	Crescent Cross Road
		Bengaluru - 560 001