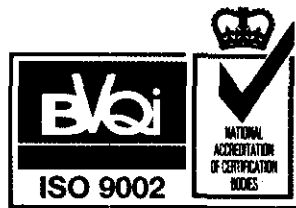


SSDN

EIGHTH ANNUAL REPORT 1998 - 99



SAMPRE NUTRITIONS LIMITED

GURBANI GROUP





GOLDEN PEACOCK NATIONAL QUALITY AWARD

This is to certify that

SAMPRE NUTRITIONS LTD.

was adjudged as

WINNER

in Manufacturing (Small) Category

for the National Quality Award 1998

for outstanding achievement in the
pursuit of Total Quality

IOD
Institute of Directors

N. Vittal
Chairman

SAMPRE NUTRITIONS LIMITED



EIGHTH ANNUAL REPORT

BOARD OF DIRECTORS :

B.K. Gurbani, Chairman and Managing Director

Preetam B. Lalwani, Executive Director

K. Kameswara Rao

R.P. Modi

V.S.N. Murthy

Meera B. Gurbani

Harnam R. Bhatija

Saraswathi B. Gurbani

BANKERS :

UTI Bank Limited

The Vysya Bank Limited

AUDITORS :

M. Sessa Rao & Co.

Chartered Accountants

Flat No. 410, 'D' Wing

Vijaya Hills, A.C. Guards

Hyderabad - 500 004.

REGISTERED OFFICE :

100, Sarojini Devi Road

Secunderabad - 500 003.

WORKS :

133, I.E. Medchal,

Ranga Reddy District,

Andhra Pradesh.



SAMPRE NUTRITIONS LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF SAMPRE NUTRITIONS LIMITED WILL BE HELD ON TUESDAY THE 7TH SEPTEMBER, 1999 AT 11-00 A.M. AT THE LIONS CLUB CONFERENCE HALL, LIC BUILDING, FIRST FLOOR, PARADISE CIRCLE, SECUNDERABAD-500 003.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the period ended on that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri R P Modi, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri V S N Murthy, who retires by rotation, and being eligible, offers himself for re-appointment..
4. Appointment of Auditors and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310, and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 and subject to such other approvals in law including approval of the Central Government if necessary and under the loan agreements with the Financial Institutions / Banks as may be required, the Company hereby accord its approval for re-appointment of Shri B K Gurbani as Managing Director of the Company with effect from 1st November 1999, and to the payment of the following remuneration and to the provision of the following benefits and amenities with liberty to the Board of Directors to alter and vary such salary and perquisites so as not to exceed the limits specified in Part II of the Schedule XIII to the Companies Act, 1956 or any statutory modifications or re-enactments thereof as may be agreed to by the Board of Directors and Shri B K Gurbani:

1.	Salary:	Rs 30,000 per month
2.	Commission :	Maximum at the rate of 1% on the net profits of the year.
3.	Housing	Rent free fully furnished accommodation to be valued as per Income Tax Rules or House Rent Allowance of 60% of the salary.
4.	Medical	Reimbursement of all the medical and hospitalisation expenses for self and family.
5.	Leave	on full pay and allowances in accordance with the Rules of the Company but not exceeding one month's leave for every eleven months of service.
6.	Leave Travel Concession	For self and family once in a year
7.	Club Fees	Fees of clubs
8.	Personal Accident Insurance	For self and family
9.	Telephone	Free use of telephone at residence
10.	Car	Car with driver
11.	Reimbursement of	Reimbursement of all entertainment and other expenses expenses properly incurred for the business of the Company.
The following perquisites shall not be included in the computation of ceiling on perquisites.		
12.	Gratuity	One month's salary for each completed year of service.
13.	Provident Fund & superannuation	Fund Contribution in accordance with the Rules of the Company
14.	Encashment of Leave	Encashment of leave at the end of term of office



SAMPRE NUTRITIONS LIMITED

"RESOLVED FURTHER THAT Shri B K Gurbani Managing Director shall, subject to the supervision, control and direction of the Board, be vested with substantial powers of management."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, appropriate and desirable to give effect to this Resolution."

6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310, and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 and subject to such other approvals in law including approval of the Central Government if necessary and under the loan agreements with the Financial Institutions / Banks as may be required, the Company hereby accord its approval for re-appointment of Shri P B Lalwani as Executive Director of the Company with effect from 1st November 1999, and to the payment of the following remuneration and to the provision of the following benefits and amenities with liberty to the Board of Directors to alter and vary such salary and perquisites so as not to exceed the limits specified in Part II of the Schedule XIII to the Companies Act, 1956 or any statutory modifications or re-enactments thereof as may be agreed to by the Board of Directors and Shri P B Lalwani :

1.	Salary :	Rs 15,625 per month
2.	Commission :	Maximum at the rate of 1% on the net profits of the year.
3.	Housing	Rent free fully furnished accommodation to be valued as per Income Tax Rules or House Rent Allowance of 60% of the salary.
4.	Medical Reimbursement	Reimbursement of all the medical and hospitalisation expenses for self and family.
5.	Leave	On full pay and allowances in accordance with the Rules of the Company but not exceeding one month's leave for every eleven months of service.
6.	Leave Travel Concession	For self and family once in a year
7.	Club Fees	Fees of clubs
8.	Personal Accident Insurance	For self and family
9.	Telephone	Free use of telephone at residence
10.	Car	Car with driver
11.	Reimbursement of expenses	Reimbursement of all entertainment and other expenses properly incurred for the business of the Company.
The following perquisites shall not be included in the computation of ceiling on perquisites.		
12.	Gratuity	One month's salary for each completed year of service.
13.	Provident Fund & superannuation Fund	Contribution in accordance with the Rules of the Company
14.	Encashment of Leave	Encashment of leave at the end of term of office

"RESOLVED FURTHER THAT Shri P B Lalwani Executive Director shall, subject to the supervision, control and direction of the Board carry out his duties from time to time."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, appropriate and desirable to give effect to this Resolution."

7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

Special Resolution:



SAMPRE NUTRITIONS LIMITED

"RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310, and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 and subject to such other approvals in law including approval of the Central Government if necessary and under the loan agreements with the Financial Institutions / Banks as may be required, the Company hereby accord its approval for re-appointment of Shri K Kameswara Rao as Director-Commercial of the Company with effect from 1st November 1999, and to the payment of the following remuneration and to the provision of the following benefits and amenities with liberty to the Board of Directors to alter and vary such salary and perquisites so as not to exceed the limits specified in Part II of the Schedule XIII to the Companies Act, 1956 or any statutory modifications or re-enactments thereof as may be agreed to by the Board of Directors and Shri K Kameswara Rao:

1.	Salary :	Rs 8,500 per month
2.	Commission :	Maximum at the rate of 1% on the net profits of the year.
3.	Housing	Rent free fully furnished accommodation to be valued as per Income Tax Rules or House Rent Allowance of 60% of the salary.
4.	Medical Reimbursement	Reimbursement of all the medical and hospitalisation expenses for self and family.
5.	Leave	On full pay and allowances in accordance with the Rules of the Company but not exceeding one month's leave for every eleven months of service.
6.	Leave Travel Concession	For self and family once in a year
7.	Club Fees	Fees of clubs
8.	Personal Accident Insurance	For self and family
9.	Telephone	Free use of telephone at residence
10.	Car	Car with driver
11.	Reimbursement of expenses	Reimbursement of all entertainment and other expenses properly incurred for the business of the Company.
The following perquisites shall not be included in the computation of ceiling on perquisites.		
12.	Gratuity	One month's salary for each completed year of service.
13.	Provident Fund & superannuation Fund	Contribution in accordance with the Rules of the Company
14.	Encashment of Leave	Encashment of leave at the end of term of office

"RESOLVED FURTHER THAT Shri K Kameswara Rao, Director-Commercial shall, subject to the supervision, control and direction of the Board carry out his duties from time to time."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, appropriate and desirable to give effect to this Resolution."

30th July, 1999

Registered Office:
100, Sarojini Devi Road,
SECUNDERABAD-500 003.

BY ORDER OF THE BOARD
for SAMPRE NUTRITIONS LIMITED

B K GURBANI
Chairman and Managing Director



SAMPRE NUTRITIONS LIMITED

NOTES:

1. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business set out above is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
3. The instrument of proxy for use at the meeting must be lodged at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 1st September, 1999 to 7th September, 1999 (both days inclusive.)
5. Members/ Proxies should bring their attendance slip sent herewith duly filled in for attending the meeting.
6. Members are requested to notify any change in their registered address/residential status immediately to the Registered Office of the Company.
7. SHAREHOLDERS ARE REQUESTED TO KINDLY BRING THEIR COPIES OF THE ANNUAL REPORT TO THE MEETING. PLEASE NOTE THAT COPIES OF THE REPORT WILL NOT BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING.

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SAMPRE NUTRITIONS LIMITED

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956:

Item Nos 5,6 & 7:

Shri B K Gurbani (Managing Director), Shri P B Lalwani (Executive Director) and Shri K Kameswara Rao (Wholetime Director) have been appointed for a period of five years with effect from 1st November, 1994. At the Board meeting held on 30th July, 1999, the Board of Directors had decided as follows:

1. Shri B K Gurbani shall be re-appointed as Managing Director for a further period of five years with effect from 1st November, 1999.
2. Shri P B Lalwani shall be re-appointed as Executive Director for a further period of five years with effect from 1st November, 1999.
3. Shri K Kameswara Rao shall be re-appointed for a further period of five years with effect from 1st November, 1999 by re-designating him as Director-Commercial.

Shri B K Gurbani (Managing Director), Shri P B Lalwani (Executive Director) and Shri K Kameswara Rao (Director-Commercial) have made significant contribution to the growth of the Company. The Directors consider that it will be in the interest of the Company to continue to avail of the services of the aforementioned Managerial personnel on the terms of remuneration and perquisites detailed in the resolutions under item Nos.5,6 & 7. The Board of Directors therefore commend the resolution for adoption.

The terms of remuneration as set out in the Resolution may be treated as an Abstract of the terms and conditions of appointment and Memorandum of interest under Section 302 of the Companies Act, 1956.

Shri B K Gurbani, Managing Director and Smt. Meera Gurbani & Ms. Saraswathi Gurbani who is related to Shri B K Gurbani are considered to be interested or concerned in resolution under item No: 5. Shri P B Lalwani Executive Director and Shri K Kameswara Rao Director-Commercial are considered to be interested or concerned in the resolutions under item Nos 6 & 7.

30th July, 1999

BY ORDER OF THE BOARD
for SAMPRE NUTRITIONS LIMITED

Registered Office:
100, Sarojini Devi Road,
SECUNDERABAD-500 003.

B K GURBANI
Chairman and Managing Director



SAMPRE NUTRITIONS LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the EIGHTH ANNUAL REPORT of the Company together with Audited Balance Sheet and Profit and Loss Account for the period ended 31st March 1999.

1.FINANCIAL HIGHLIGHTS :

	1998-99	1997-98
	(Rupees in lakhs)	
Profit before Interest	71.52	87.50
Depreciation & Taxes		
Less : Interest	19.92	19.62
Profit before Depreciation and Taxes	51.60	67.88
Less : Depreciation	34.66	32.80
Profit before Tax	16.94	35.08
Add : Profit/Loss/B/F		
From previous year	108.44	78.11
Profit before Tax	125.38	113.19
Less : Prior period adjustment	23.78	—
Less : Provision for Tax	2.00	4.75
Net Profit carried to Balance Sheet	99.60	108.44

2.PERFORMANCE OF THE COMPANY :

During the year under review the Company has achieved a production of 2210 MT as against 2335.20 MT during the previous year. But, income from operations rose from Rs.274.73 lakhs in the previous year to Rs.325.70 Lakhs during the year. The growth achieved by the company is considered satisfactory considering nature of its operations and the fact that it is a multi product company and has manufacturing contracts on loan licence basis with majority of its customers. It is coupled with the fact that the company entered into direct marketing of SAMPRE brand of products in the last quarter of the financial year under review i.e. in January 1999. The results emerging from direct sales have also been encouraging.

Your company continues its production for manufacture of well reputed products for its Principal Companies like Cadbury India Limited for their brand of products called "GOOGLY & MOCKA", Aurobindo Pharma Limited for their brand of Cough Drops called "PHARYNGOPILS", FermetapharmaBiotech Limited for their brand of Cough Drops called "ASTRASEPT", Geepach International for their brand of Cough Drops called "GORPILS" on Loan Licence basis and CHERICOF Cough Lozenges for Ranbaxy Laboratories Limited on Principal to Principal basis as before.

3.EXPORTS :

Your company also continues to manufacture KIKX brand of candies and CHESTO cough drops for export to its prestigious customer – The Maharaja Organisation Limited of Sri Lanka. The export performance of the company during the year under review has been below the projected level. This is attributed to the fact that the foreign buyer had entered the confectionery market in Sri Lanka only in the year 1998. Notwithstanding its ambitious forecast, it could make little impact in getting a major share in the market in Sri Lanka. However, the outlook for the current financial year appears to be quite encouraging in view of the prospective marketing plans drawn by the foreign buyer. Your company is hopeful of a better export performance during the current financial year.

4.RECERTIFICATION TO ISO 9002 CERTIFICATE BY BVQI, U.K.

Your company was accredited with ISO 9002 certification by BVQI, U.K. in the year 1995 for a period of 3 years. The recertification audit was conducted by BVQI as per its norms after expiry of the period. Your Directors are pleased to inform that the company has successfully received recertification to ISO 9002 Certificate in the field of cough drops and confectionery products. It is a testimony to your company's efforts put in regard to maintaining highest quality standards.