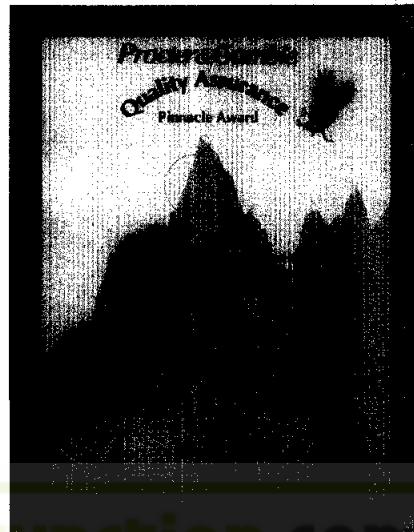
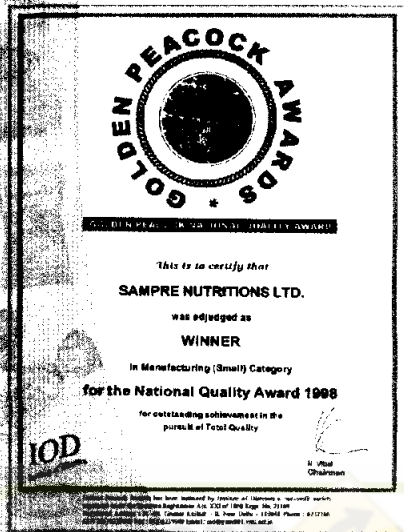




AN EPITOME OF QUALITY CONFECTIONARIES . . . Where Time is the Essence and Commitment a way of Life.





BOARD OF DIRECTORS

B.K. GURBANI Chairman & Managing Director	
R. MALHOTRA Finance Director	K. KAMESWARA RAO Director - Commercial
R.P. MODI Director	V.S.N. MURTHY Director
SARASWATI B. GURBANI (SMT.) Director	MEERA B. GURBANI (SMT.) Director
HARNAM R. BHATIJA Director	

AUDITORS	BANKERS
M. Sesha Rao & Co. Chartered Accountants Flat No.410, 'D' Wing Vijaya Hills, AC Guards Hyderabad - 500 004.	UTI Bank Limited The Vysya Bank Limited

WORKS	REGISTERED OFFICE
133, Industrial Estate Medchal - 500 402 Ranga Reddy District Andhra Pradesh, India Tel: 22427, 22428 Fax: (08418) - 22429	100, Sarojini Devi Road Secunderabad - 500 003 Andhra Pradesh, India Tel: 7841778 / 1967 / 6320 Email: gurbani@satyam.net.in URL: www.gurbanigroup.com

SHARE TRANSFER AGENTS	DEMAT INFORMATION
Ikon Vision Private Limited 33, Sanali Heavens 8-3-948, Ameerpet Hyderabad - 500 073 Tel: 3744356, 3744138	The Company shares are compulsorily traded in the demat form and the ISIN No. allotted is INE 375C01014.



Notice

NOTICE IS HEREBY GIVEN THAT THE TENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF SAMPRE NUTRITIONS LIMITED WILL BE HELD ON SATURDAY THE 11TH AUGUST, 2001 AT 10 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, 2001 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 Harnam R Bathija, who retires by

rotation, and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Shri R P Modi, who retires by rotation, and being eligible, offers himself for re-appointment.
4. Appointment of Auditors and to fix their remuneration.

BY ORDER OF THE BOARD
for **SAMPRE NUTRITIONS LIMITED**

B K GURBANI

Chairman and Managing Director

19 June, 2001

Registered Office:

100, Sarojini Devi Road ,
SECUNDERABAD-500 003.

NOTES

1. 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.
2. 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.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 9th August, 2001 to 11th August, 2001 (both days inclusive.)

4. Members/ Proxies should bring their attendance slip sent herewith duly filled in for attending the meeting.

5. Members are requested to notify any change in their registered address/residential status immediately to the Registered Office of the Company.

6. 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.



Directors' Report

To the Members,

Your Directors have pleasure in presenting the TENTH ANNUAL REPORT of the Company together with Audited Balance Sheet and Profit and Loss Account for the period ended 31st March 2001.

1. FINANCIAL HIGHLIGHTS

	(Rupees in lakhs)	
	2000-2001	1999-2000
Profit before Interest	80.83	80.29
Depreciation & Taxes		
Less : Interest	32.61	27.22
Profit before Depreciation and Taxes	48.22	53.07
Less : Depreciation	43.43	38.99
Profit before Tax	4.79	14.08
Add : Profit/Loss/B/F from previous year	111.68	99.60
Profit before Tax	116.47	113.68
Less : Provision for Tax	1.00	2.00
Net Profit carried to Balance Sheet	115.47	111.68

2. PERFORMANCE OF THE COMPANY

During the year under review your Company has reached a turnover of Rs.653.29 Lakhs, the highest so far, thus registering an increase of 77% over the turnover of Rs.369.58 Lakhs achieved during the previous year. Your company has relied more on its base strategy

of business with its customers on 'Principal to Principal' basis and direct marketing of 'SAMPRE' brand of own products. This has resulted in progressive increase in its turnover. Your company's turnover comprises of sales of Rs.453.36 Lakhs and income from processing charges of Rs.199.93 Lakhs corresponding to Rs.147.10 Lakhs and Rs.215.13 Lakhs respectively netted in the previous financial year. There has been a quantum jump in the sales turnover due to increased business from the **Principal Customers** of your company like **Joyco India Limited**- product range being Aqtimint and Donald orange candies, **Cipla Limited** - Rapid relief cough tablets and **Indian Airlines Limited** - assortment of candies and toffees. Besides it has improved upon its sales from direct marketing also. The income from processing charges however, was from the major Customer of your company i.e. **Cadbury India Limited** with whom your company has a subsisting agreement for manufacture of their brand of products viz. Googly, Nice cream, Gollum, Mr. Pops and Dairy Milk Eclairs on Loan Licence basis. As a result the capacity utilization was also higher as your company has achieved a total production of 2560 MT as against 1958 MT done during the previous financial year, an impressive increase of 30% overall. The performance of your company thus was very satisfactory during the financial year under review.

The profits for the year under review, were, however, dampened by a combination of



factors. The Profit before tax of your company is Rs.4.79 Lakhs as against Rs.14.08 Lakhs during the previous financial year. This has been due to the fact that your company has to incur sizeable expenditure on setting up and expansion of its own marketing channels like C&F Agents, Super Stockists and Depots in the four Southern States apart from deployment of field staff in full strength. This has entailed higher expenditure for your company and made a marked dent on its profitability for the year. Besides your company has serviced additional interest burden and borne higher administrative expenses as explained above, resulting into lower profits. Notwithstanding the above factors, your company has full faith in its marketing abilities and hopes that its strategy will yield long-term dividends towards efforts made for establishment of its brand in the contemporary confectionery market. Your company is also hopeful to increase its market share in today's highly competitive market environment as even in the face of stiff competition, your company has fared well.

3. DISCLOSURE AS PER CLAUSE NO. 43A OF LISTING AGREEMENT WITH THE STOCK EXCHANGES

Equity shares of your company have been listed on the following Stock Exchanges and your company has paid the Annual Listing fee to each of the Stock Exchanges :

1. The Hyderabad Stock Exchange Ltd.
3-6-275, Himayatnagar
Hyderabad 500 029.

2. The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001.

4. OUTLOOK FOR THE CURRENT YEAR

Despite the signs of slow down in the economy, growth opportunities for a proactive confectionery company like yours remain high. Today's competitors are large, stronger and compete on multiple platforms. In the past your company has consistently demonstrated its ability to sustain growth in the face of increased competition. It has achieved this by laying great emphasis on highest quality standards being an **ISO 9002 accredited company**, dynamically changing its corporate strategies and development of a stronger customer base. Your company hopes to perform well and consolidate its gains of the financial year under review.

Your company's optimism for a good growth and performance is based on the assured business from its Principal Customers like **Joyco India Limited, Cipla Limited and Indian Airlines Limited**. Your Directors take pleasure in informing you that its contract with Indian Airlines Limited has been renewed for the current year as well. The airlines has also chosen **Sampre's Eclairs** for in flight service for 'J' class passengers which will now be a part of its contract with your company and substantially add to the turnover. In addition to this the other major customer of your company-

Cadbury India Limited has plans on hand for increased focus on sugar confectionery as before. Therefore, your company is assured of full capacity utilization during the current financial year. Apart from the increase in orders there has been increase in product variants, which your company is required to produce thus increasing the volumes and resultantly adding up to its turnover. Your company is better placed to leverage opportunities in the market place.

5. DIRECTORS

Shri Harnam R Bhathija, Director and Shri R P Modi, Director retire by rotation during the forthcoming Annual General Meeting being eligible offer themselves for reappointment as Directors.

6. AUDITORS

M/s M Sesha Rao & Co. Chartered Accountants who are the Statutory Auditors of the Company will retire at the Annual General Meeting and being eligible offer themselves for reappointment. At the ensuing Annual General Meeting, the Members will be requested to appoint the Auditors for the current year and fix their remuneration.

7. PARTICULARS OF EMPLOYEES

Particulars of employees under Section 217 (2A) of

The Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1999 are NIL.

8. PUBLIC DEPOSITS

During the year under review the company has neither invited nor received any deposits from the public.

9. OTHER INFORMATION

The particulars as required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure attached hereto which forms a part of this report.

10. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) 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 or loss of the company for that period;



(iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the directors had prepared the annual accounts on a going concern basis.

10. ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their gratitude for the continued support received from its Principals - Cadbury India Limited, Joyco India Limited, Indian Airlines limited, Ranbaxy Laboratories Limited, Aurobindo Pharma Limited, Cipla Limited, Nicholas Piramal India Limited, The Maharaja Organisation Limited and the C&F

Agents. Your Directors also acknowledge with deep sense of appreciation the continued support from Shareholders, Investors, Suppliers, Bankers-UTI Bank Limited, Hyderabad and The Vysya Bank Limited, Secunderabad, Financial Institutions and various Departments of Central and State Governments.

Your Directors also wish to convey their thanks and place on record their appreciation for the sincere efforts put in by the employees at all levels for the progress of the company.

For and on behalf of the
Board of Directors

Secunderabad
19 June, 2001

B K Gurbani
Chairman &
Managing Director

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Annexure to the Director's Report

Particulars as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

- A. Conservation of Energy : The Company continued its efforts to improve energy consumption through planned and close monitoring of manufacturing methods and processes. The details of total energy consumption and energy consumption per unit of production are setout in Form 'A'.
- B. Technology Absorption : Effort made in technology absorption are as per Form 'B' enclosed.
- C. Foreign Exchange Earnings and Outgo : Earnings : NIL Outgo : NIL

FORM A

(Form for disclosure of particulars with respect to Conservation of Energy)

PARTICULARS	UNIT	2000-2001	1999-2000
A. POWER & FUEL CONSUMPTION			
1. Electricity			
a) Purchased Units	KWH	5,23,328	2,49,106
Total Amount	Rs.	24,37,678	11,17,728
Average rate/unit	Rs/KWH	4.65	4.50
b) Own Generation			
i) Through Diesel Generator	KWH	58,395	72,306
Units per litre of diesel	KWH/Lit	1.92	1.92
Average Cost/Unit	Rs/KWH	8.46	7.00
ii) Through Steam Turbine/ Generator	--	--	--
2. Coal	--	--	--
3. HSD/LDO **			
Quantity	Litres	1,57,747	2,20,900
Total Amount	Rs	28,56,691	30,33,605
Average Rate	Rs/Ltr	16.25	13.73
4. Others/Internal Generation (Please give details)	--	--	--
5. Consumption per unit of Production (Production of Cough drops & Throat Lozenges.)	MT	2559.768	1957.579
		Per Tonne	Per Tonne
Electricity	KWH	227	164
HSD	Litres	69	113

** Used for generation of Electricity & Steam.



FORM B

Form for disclosure of particulars with respect to Technology Absorption, Research & Development (R & D)

RESEARCH AND DEVELOPMENT (R&D)

- | | |
|---|---|
| 1. Specific areas in which R & D was carried out by the Company | Research and Development was carried out in improving the analytical tests whereby the time, taken for each test has been considerably reduced also resulting in substantial saving by way of reduction in the use of reagents. |
| 2. Benefits derived as a result | The Company could effect cost Reduction to considerable extent. Developments of new range of products have direct bearing on increased orders from the Principal Companies who also benefit from this exercise directly. This has direct bearing on the quality of the products vis-à-vis its consumer acceptability. |
| 3. Future plans and action | It has been possible for the company to develop its own brand of products through persistent R&D effort and bring more varieties of products for launch. The company proposes to continue its efforts to improve and improvise its product range by devoting whole-heartedly in further upgrading its R&D facilities. |
| 4. Expenditure on R & D | |
| a) Capital | NIL |
| b) Recurring | Rs. 1,40,763/- |
| c) Total as a % of Turnover | 0.31% |

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

- | | |
|---|--|
| 1. Effort made towards technology absorption, adoption, innovation | Continuous efforts are being made to update the technology upgrade the in-house expertise for the development of new products. |
| 2. Benefits derived as a result of the above effort. | Resulted in reduction of manufacturing costs. |
| 3. Particulars of Technology imported during the last five years reckoned from the beginning of the financial year. | NIL |