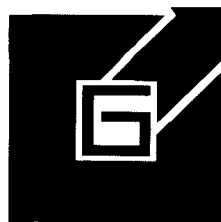


SSDN



SAMPRE NUTRITIONS LIMITED
AN ISO 9001 & HACCP CERTIFIED COMPANY

TWELFTH ANNUAL REPORT
2002-2003



BVQI

Certificate of Approval

Awarded to
SAMPRE NUTRITIONS LIMITED
 PLOT NO. 133 INDUSTRIAL ESTATE,
 MEDHOL - 501 002, S.P., INDIA.

Bureau Veritas Quality International certifies that the Quality Management System of the above supplier has been assessed and found to be in accordance with the requirements of the quality standards detailed below.

STANDARD(S) REFERENCED:
ISO 9002:1994

SCOPE OF CERTIFICATION:
MANUFACTURE AND SUPPLY OF CANDY BASED MEDICATED COUGH LOZENGES AND SUGAR BOILED CONFECTIONERY

Original approval date: **16TH FEBRUARY 1999**

Subject to the continued satisfactory operation of the supplier's Quality Management System, this Certificate is valid for a period of three years from:
16TH FEBRUARY 2002

Valid until: **16TH FEBRUARY 2005**

Witnessing Office:
 Bureau Veritas Quality International
 400 Boulevard de France
 C-11, Boulevard de France
 92010, Nanterre - FRANCE

UKAS
 MANAGEMENT SYSTEMS
 CERTIFICATION

For Bureau Veritas Quality International (UK) Ltd:
 27 Pine Tree Drive, Lane
 27A, Pine Tree Ridge Road
 London SE11 7TA

Certificate No: **53802**

BVQI

Certificate of Approval

Awarded to
Sampre Nutritions Ltd.
 Plot No 133, Medhol - 501002, S.P. District Andhra Pradesh, INDIA

The HACCP-system has been assessed by Bureau Veritas Quality International B.V. and found to be in accordance with the standard defined by the "Centraal College van Deskundigen HACCP".

STANDARD:
"Criteria for the evaluation of an operational HACCP-system, dated September 1998."

SCOPE OF SUPPLY:
Manufacture and storage of sugar boiled confectionery, caramel products and candy based medicated cough lozenges.

Original approval date: **30th November 2002**

Subject to the continued satisfactory operation of the supplier's HACCP system, this Certificate is valid for a period of three years from:
30th November 2005

Valid until: **30th March 2005**

Witnessing Office:
 Bureau Veritas Quality International B.V.
 27 Pine Tree Drive, Lane
 27A, Pine Tree Ridge Road
 London SE11 7TA

Certificate No: **82105**

SAMPRE NUTRITIONS LIMITED**TWELFTH ANNUAL REPORT**

BOARD OF DIRECTORS	
<p style="text-align: center;">B.K. GURBANI CHAIRMAN & MANAGING DIRECTOR</p> <div> <div> <p>K. KAMESWARA RAO DIRECTOR – COMMERCIAL</p> <p>V.S.N. MURTHY DIRECTOR</p> <p>HARNAM R BHATIJA DIRECTOR</p> </div> <div> <p>R.P MODI DIRECTOR</p> <p>SARITA B GURBANI (Kum.) DIRECTOR</p> <p>MEERA B GURBANI (Smt.) DIRECTOR</p> </div> </div>	
AUDITORS	BANKERS
<p>M. SESA RAO & CO. CHARTERED ACCOUNTANTS FLAT NO.410, 'D' WING VIJAYA HILLS, AC GUARDS HYDERABAD 500004</p>	<p>UTI BANK LIMITED STATE BANK OF HYDERABAD ING VSYA BANK LIMITED</p>
WORKS	REGISTERED OFFICE
<p>133, INDUSTRIAL ESTATE MEDCHAL 501401 RANGA REDDY DISTRICT ANDHRA PRADESH, INDIA TEL : 222427, 222428 FAX : (08418) - 222429</p>	<p>100, SARAJINI DEVI ROAD SECUNDERABAD 500003 ANDHRA PRADESH, INDIA TEL : 27841778 / 1967 / 6320 FAX : (040) - 27813931 Email : gurbani@satyam.net.in URL : www.gurbanigroup.com</p>
SHARE TRANSFER AGENTS	STOCK CODES
<p>IKON VISION PRIVATE LIMITED, 33, SANALI HEAVENS 8-3-948, AMEERPET HYDERABAD – 500 073 TEL : 23744356, 23744138</p>	<p>MUMBAI STOCK EXCHANGE : HYDERABAD STOCK EXCHANGE :</p> <p>The Company shares are compulsorily traded in the demat form and the ISIN No. allotted is INE 375C01014.</p>

SAMPRE NUTRITIONS LIMITED

REGISTERED OFFICE : 100, SAROJINI DEVI ROAD, SECUNDERABAD - 500 003.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWELFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF SAMPRE NUTRITIONS LIMITED WILL BE HELD ON TUESDAY THE 30TH SEPTEMBER, 2003 AT 10-00 A.M. AT THE LIONS CLUB CONFERENCE HALL, LIC BUILDING, THIRD FLOOR, PARADISE CIRCLE, SECUNDERABAD- 500 003.

“RESOLVED THAT in terms of provisions of Section 146 of the Companies Act, 1956, the situation of Registered office of the Company be and is hereby changed from the existing 100, Sarojini Devi Road, Secunderabad – 500 003 to 133, Industrial Estate, Medchal –501 401, Ranga Reddy District, Andhra Pradesh.”

BY ORDER OF THE BOARD
for SAMPRE NUTRITIONS LIMITED

B K GURBANI

Chairman and Managing Director

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 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.
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.

22nd August, 2003

Registered Office:

100, Sarojini Devi Road ,

SECUNDERABAD-500 003.

SPECIAL BUSINESS :

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

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 / herself 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 29th September, 2003 to 30th September, 2003 (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.**

SAMPRE NUTRITIONS LIMITED

REGISTERED OFFICE :

100, SAROJINI DEVI ROAD,
SECUNDERABAD - 500 003.

ANNEXURE TO NOTICE

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

Item No 5 :

The situation of the Registered Office has been proposed to be changed from the existing location to the Office Block of our Company factory premises at: 133, Industrial Estate, Medchal -501 401, Andhra Pradesh. Section 146 of the Companies Act, 1956 provides that a Special Resolution by the shareholders of the company is required to be passed to shift the Registered Office of the company outside the local limits of Secunderabad where the Registered office is presently located.

None of the Directors are concerned or interested in this resolution. Your Directors commend the shifting of the Registered Office of the Company which has been proposed for the administrative convenience.

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

B K GURBANI
Chairman and Managing Director

22nd August, 2003

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

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the TWELFTH ANNUAL REPORT of the company together with Audited Balance Sheet and Profit and Loss Account for the period ended 31st March 2003.

1. FINANCIAL RESULTS:

	2002-03	2001-2002
(Rupees in lakhs)		
Profit before Interest	97.98	75.50
Depreciation & Taxes		
Less : Interest	27.30	22.42
Profit before Depreciation and Taxes	70.68	53.08
Less : Depreciation	44.41	43.66
Profit before Tax	26.27	9.42
Add : Profit/Loss/B/F from previous year	35.75	115.47
Profit before Tax	62.02	124.89
Less : Income Tax Provision/Paid	4.88	1.75
Add :Deferred Tax (Assets)	0.85	87.39
Net Profit carried to Balance Sheet	57.99	35.75

2. MANAGEMENT DISCUSSION AND ANALYSIS

2.1 Industry Structure and Development:

The Company deals in confectionery products. The continuing economic

slow down and the over all critical affects in the economy have adverse affect on the off-take and prices of confectionary products. Extensive product development activity in further value added products is under taken by your company by utilizing the ideal production capacities of your company.

2.2 Opportunities & strengths:

The market indigenously and globally adjusts for quality and cost effective products. Your Company has required resources of competent personnel, production facilities to achieve this objective. Your company has successfully gone through the surveillance audit by BVQI, UK both in respect of ISO-9001 and Hazards Analysis Critical Control Points (HACCP). Your company has the distinction of being the first Indian Company to have accredited with HACCP certification from BVQI, UK, besides being the first confectionery company in the country to have acquired ISO-9002 certification from BVQI, UK.

2.3 Threats and risks:

Removal of quantitative restrictions under WTO regime and resulting cheaper imports leads to severe competition and the sale prices and margins are under severe pressure. Unless the cost of production is reduced and the sale prices are competitive, the company's products can not be sold.

2.4 Product Performance:

During the year under review your company has reached a turn over of Rs. 841.40 lacs as against Rs. 700.13 lacs in previous year i.e an increase of 20% over last years turnover. Another significant feature in this year's performance is as against Rs. 520.74 lacs of sales in the last year your company has achieved the sale of Rs. 692.36 i.e an increase of 33%. The company has earned an amount of Rs. 142.10 lacs towards processing charges as against Rs. 178.14 during the last year. This is due to the focus that the company has put on the direct marketing of its own products. The company has made significant strides by consolidating the sale and distribution of its own branded products especially in Southern and Western part of the country. The reduction in the rate of Excise Duty during the 2002-03 budget has augured well for the confectionery industry and has given a fillip which is evident from the increase in the sales of confectionery products in general across the country. Your company is confident of increasing its market share by putting more efforts in direct marketing.

During this year your company has added a new prestigious customer M/s. Elder Pharmaceuticals Ltd, Bombay and received substantial orders for manufacturing of milk based and fruit flavoured candies in their brand. This has definitely contributed to a substantial increase in the turnover of your company.

Your company has again succeeded in getting orders from Indian Airlines limited for the supply of candies and Eclairs for their 'Y' class and 'J' class passengers. This has definitely added to the turnover of the company in addition to giving mileage to Sampre brand. Your company has earned income through processing charges from its major customer Cadbury India Limited by manufacturing their brand of products like Eclairs, Mr. Pops and Googly on conversion basis. Your company has improved its profitability during the year the profit before the tax is Rs. 26.27 lacs as against Rs. 9.42 lacs during the previous financial year. The over all performance of your company during the financial year under review has remained quite satisfactory.

2.5 Exports:

Your company has started exporting its own products to Nepal by appointing a leading FMCG products distributor, M/s. Arihant Commodities who has excellent distribution network through out the country. Your company has exported Rs. 9 lac worth of goods to Nepal during the financial year under review. Your company is also exploring the possibilities of exporting the products to countries like Bangladesh and South Africa from where enquiries were received and the negotiations are on.

2.6 Business out-look:

Your Company has taken-up extensive development activity of value added

products to improve the margins by achieving higher volume of sales. The efforts of the company are expected to yield favorable results in medium / long term. The emerging economic trend has been showing encouraging signs of recovery and promises to be bright for the industrial sector. Your company is therefore confident that under this scenario its performance is going to be good during the current financial year. More so as the reduction in the rate of Excise Duty in the confectionery during the budget 2002-03 has definitely given a fillip to the confectionery industry in general and your company in particular. Your company has ambitious plans for the future and expects to register higher rate of growth during the current financial year compared to the last year. Your company is confident of achieving higher turn over through the sale of its own branded products by increasing the distribution network besides achieving sales through other customers like Dr. Morepen, Elder Pharmaceuticals, Cadbury India Ltd, Nicholas Piramal India Ltd and Indian Airlines Ltd. Your company is also expecting higher volumes from its prestigious customers Cadbury India Ltd during the current financial year. Your company is fully geared up to meet the demand for larger volumes for its own products as well as for its customer products and there by achieve full capacity utilization.

The most significant achievement of your company during the current financial year is going to be the introduction of

DEPOSITED CANDY, which is a technology driven product. Your company is going to be one of the very few companies in the India apart from the Multinational companies to introduce this product in our country.

This is going to set a new trend in the confectionery marketing and your company is going to have a head start over its competitors by introducing this product through which it is expecting to achieve substantial sales volumes during the current financial year. On the whole your company expects to post excellent results during the current financial year.

2.7 Internal control systems and their adequacy:

Your Company has established proper internal control systems and the same are constantly reviewed and improvements wherever required are carried out, Depending on the changing requirements, the internal audit is strengthened. Your company has implemented corporate governance requirement and the audit committee periodically reviews the system and procedure of the company.

2.8 Material development in human resources:

Your Company has a team of able and experienced industry professionals. The company conducted training programmes to its employees, enabling them to improve / up grade their skills.

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 Limited 3-6-275, Himayatnagar Hyderabad – 500 029
2. The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001

4. DIRECTORS:

Shri V S N Murthy, Director and Shri R P Modi, Director retire by rotation during the forthcoming Annual General Meeting. Being eligible Shri V S N Murthy offers himself for reappointment as Director.

Shri R Malhotra, Finance Director resigned on 24th April, 2003. Your Directors wish to place on record their deep appreciation of the services rendered by Shri R Malhotra.

5. AUDITORS:

M/s M Sessa 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.

6. 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.

7. PUBLIC DEPOSITS:

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

8. 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.

9. 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 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. CORPORATE GOVERNANCE:

A detailed report on Corporate Governance has been prepared and attached to the Directors' Report forms part of this Annual Report.

11. 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, Nicholas Piramal India 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, State Bank of Hyderabad, Ing Vysya Bank Limited 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

B K GURBANI

Secunderabad

CHAIRMAN &

22 August, 2003

MANAGING DIRECTOR