

SSDN

FOURTEENTH ANNUAL REPORT 2004-2005

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SAMPRE

SAMPRE NUTRITIONS LIMITED

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B K GURBANI, Chairman along with Director **SARITA B GURBANI** of **SAMPRE NUTRITIONS LIMITED** receiving FAPCCI Award 2005 for Innovative Product development from **SHRI YS. RAJASEKHARA REDDY**, Hon'ble Chief Minister of Andhra Pradesh.



GURBANI GROUP

FOURTEENTH ANNUAL REPORT

BOARD OF DIRECTORS

B K Gurbani

Chairman and Managing Director

Mirza Mohammed Sami

Director - Operations

V S N Murthy

Director

Haranam R Bhatija

Director

Meera B Gurbani (Smt)

Director

Saritha B Gurbani (Ms.)

Director

R Badrinarayanan

Director

AUDITORS	BANKERS
<p style="text-align: center;">M Sessa Rao & Co., Chartered Accountants, # 6-3-200/A, "Moparthy Towers". 1st Floor, Prem Nagar, Road No: 1, Banjara Hills, HYDERABAD-500 004.</p>	<p style="text-align: center;">State Bank of India UTI Bank Limited</p>
WORKS	REGISTERED OFFICE
<p style="text-align: center;">133, APIIC Industrial Estate, MEDCHAL- 501 401 Ranga Reddy District, Andhra Pradesh State, India Telephones (08418) 222427, 222428 Fax: (08418) 222429</p>	<p style="text-align: center;">100, Sarojini Devi Road, SECUNDERABAD- 500 003 Andhra Pradesh State, India Telephones: 040-27841778/9 Fax: 040- 27813931 email: gurbani@satyam.net.in website: www.gurbanigroup.com</p>
SHARE TRANSFER AGENTS	STOCK CODES
<p style="text-align: center;">IKON VISION PRIVATE LIMITED, 33, Sanali Heavens, 8-3-948, Ameerpet, HYDERABAD-500 073 Telephones: 2374 4356, 2374 4138</p>	<p style="text-align: center;">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 FOURTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF SAMPRE NUTRITIONS LIMITED WILL BE HELD ON THURSDAY THE 29TH SEPTEMBER, 2005 AT 10-30 A.M. AT THE LIONS CLUB CONFERENCE HALL, LIC BUILDING, SECOND FLOOR, PARADISE CIRCLE, SECUNDERABAD-500 003.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 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 Ms. Saritha B Gurbani who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of 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 appointment of Shri MIRZA MOHAMMED SAMI as Director-Operations of the Company with effect from 1st August, 2005, 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 MIRZA MOHAMMED SAMI.

1. Salary:	Rs.23000 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 MIRZA MOHAMMED SAMI, Director-operations 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, 2005

BY ORDER OF THE BOARD
for SAMPRE NUTRITIONS LIMITED

Registered Office:

B K GURBANI

100, Sarojini Devi Road ,
SECUNDERABAD-500 003.

Chairman and Managing Director

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 28th September, 2005 to 29th September, 2004 (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, SARAJINI DEVI ROAD, SECUNDERABAD - 500 003.

ANNEXURE TO NOTICE

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

Item No 5 :

Shri MIRZA MOHAMMED SAMI (Director –operations) has been appointed for a period of five years with effect from 1st August, 2005. On the recommendation of the Remuneration Committee of the Company, the Board of Directors of your Company had decided as follows:

In view of the vast experience of Shri MIRZA MOHAMMED SAMI, the Board of Directors 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.

None of the Directors are concerned or interested in this resolution

30th July, 2005

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

DIRECTORS REPORT

To The Members,

Your Directors have pleasure in presenting the FOURTEENTH ANNUAL REPORT of the company together with Audited Balance Sheet and Profit and Loss Account for the year ended 31st March 2005.

FINANCIAL RESULTS

	2004-05 (Rupees in lakhs)	2003-04 (Rupees in lakhs)
Profit before Interest Depreciation & Taxes	163.63	91.55
Less : Interest	37.47	24.80
Profit before Depreciation and Taxes	126.16	66.75
Less : Depreciation	50.46	44.53
Profit before Tax	75.70	22.22
Add: Profit/Loss/B/F from previous year	71.92	57.99
Profit before Tax	142.62	80.21
Less: Income Tax Provision/Paid	5.70	7.45
Add: Deferred Tax (Assets)	1.30	0.84
Net Profit carried to Balance Sheet	140.62	71.92

2. MANAGEMENT DISCUSSION AND ANALYSIS

2.1 Industry Scenario

The confectionery industry is showing a steady growth in a positive environment of improving economic conditions. In this context the company's efforts to improve the utilization of its manufacturing capacities have borne-fruit.

2.2 Strengths

Your company with the distinction of being the first Indian Company to have the certification of both ISO 9001 & HACCP (Hazards Analysis Critical Control Points) in the industry has adequate manufacturing capacity and competent personnel to manufacture Confectionery of International Quality in a cost effective manner.

Your Directors are pleased to report that the company has successfully executed the prestigious order obtained from The Micronutrient Initiative Programme, Canada and

have supplied the requisite quantities of Nutri Candies for distribution free of cost to children, pregnant women and lactating mothers in A.P., Bihar and West Bengal through social welfare department.

2.3 Threats and risks

In an intensive competitive scenario and with no scope for increasing the unit sale price the margins continued to be under pressure. The company is continuing to exercise utmost attention to reduce the cost of production so as to ensure the company's products are sold albeit with reduced margin.

2.4 Product performance

During the year under review your company has reached a turn over of Rs.13.49 crores an improvement of 121% over the previous year. Supplies against the contract of Micronutrient Initiative, Canada has made a significant contribution towards this growth.

Revenue from processing charges on third party manufacturing however amounted to Rs.146.75 lakhs as against Rs.176.22 lakhs last year. Your company has added a new prestigious customer M/s Nutrine Confectionery Pvt Ltd, Chittoor for manufacturing their candies.

Your Directors are also pleased to report that with effective management and improved the turn over the profits has been greatly enhanced to Rs.75.70 lakhs as compared to Rs.22.22 lakhs in the previous year.

2.5 Exports

Your company is continuing to explore the possibilities of exporting its products.

2.6 Prospects

Your company is pleased to announce the arrangements for redistribution of their products in North India have been concluded with M/s J K Dairy & Foods Limited and formal launch is expected in the first quarter of the next financial year. This is bound to result in improved volumes for our own products and with increased volumes from existing third party manufacturers and addition of new entrants which have been finalized will benefit the company in utilizing its capacity and at the same time bring in higher processing charges.

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. Your company has implemented corporate governance requirement and the audit committee periodically reviews the system and procedures of the company.

2.8 Material Development in Human Resources

Your company which has a team of **competent and experienced professionals** continue their focus on **conducting training programmes to employees to enable them to improve and upgrade their skills continuously.**

3. Disclosure as per Clause No.43A of listing agreement with the Stock Exchange

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 Exchange:

1. The Hyderabad Stock Exchange Ltd
3-6-275, Himayat Nagar
Hyderabad – 500 029
2. The Stock Exchange, Mumbai
Phiroz Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001

4. DIRECTORS :

Ms. Saritha B Gurbani, Director and Shri V S N Murthy , Director retire by rotation during the forthcoming Annual General Meeting being eligible offer themselves for reappointment as Directors. Shri K Kameswara Rao - Director-Commercial resigned on 13-06-2005. Shri MIRZA MOHAMMED SAMI has been appointed as Director-operations with effect from 1st August, 2005.

5. AUDITORS :

M/s M Sesha ao & 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. DIRECTOR'S 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 :

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, your Company has to mandatorily comply with the requirements of Corporate Governance. A separate section on the Corporate Governance and a Certificate