



SAMPRE NUTRITIONS LIMITED

**FIFTEENTH ANNUAL REPORT
2005-2006**

FIRST TIME IN INDIA



B K GURBANI, Chairman **SAMPRE NUTRITIONS LIMITED** receiving Trophy of appreciation for supply of Vitaminised candies to ICDS centers of A.P. from Hon'ble Chief Minister **SHRI Y.S. RAJA SEKHAR REDDY**

CANDY FILLED WITH HEALTH

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SAMPRE NUTRITIONS LIMITED

FIFTEENTH ANNUAL REPORT

BOARD OF DIRECTORS

B K Gurbani
Chairman and Managing Director

Meera B Gurbani (Smt)
Director

Saritha B Gurbani (Ms.)
Director

Haranam R Bhatija
Director

T V N Prasad
Director – with effect from 1st June, 2006

B Jayaprakash Reddy
Director – with effect from 1st June, 2006

Mirza Mohammed Sami
[Director – Commercial Upto 17th December, 2005]

V S N Murthy
[Director Upto 20th April, 2006]

R Badrinarayanan
[Director Upto 31st May, 2006]

AUDITORS

M Sessa Rao & Co.,
Chartered Accountants,
6-3-200/A, "Moparthy Towers",
1st Floor, Prem Nagar,
Road No: 1, Banjara Hills,
HYDERABAD-500 004.

BANKERS

State Bank of India
UTI Bank Limited

WORKS

133, APIIC Industrial Estate,
MEDCHAL- 500 401
Ranga Reddy District,
Andhra Pradesh State, India
Telephones (08418) 22427, 22428
Fax: (08418) 22429

REGISTERED OFFICE

100, Sarojini Devi Road,
SECUNDERABAD- 500 003
Andhra Pradesh State, India
Telephones: 040-2784 6320,2784 1778
Fax: 040- 27813931
email: grbani@satyam.net.in
website: www.gurbanigroup.com

**REGISTRARS & SHARE TRANSFER
AGENTS (RTA)**

BIGSHARE SERVICES PRIVATE LIMITED
G-10, Left Wing, Amrutha Ville, Opp. Yashodha Hospital,
Somajiguda,
Raj Bhavan Road,
HYDERABAD-500 082
Telephones: 23374967, 23370295

STOCK CODES

BSE Script Code: 530617
The company shares are compulsorily traded in the demat
form and the ISIN No. allotted is
INE 375C01014

SAMPRE NUTRITIONS LIMITED**REGISTERED OFFICE : 100, SAROJINI DEVI ROAD, SECUNDERABAD - 500 003.****NOTICE**

NOTICE IS HEREBY GIVEN THAT THE FIFTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF SAMPRE NUTRITIONS LIMITED WILL BE HELD ON SATURDAY THE 30TH SEPTEMBER, 2006 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, 2006 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 Smt Meera B Gurbani who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Shri Harnam R Bathija 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 an Ordinary Resolution:

"RESOLVED THAT Shri T V N Prasad, who was appointed as an Additional Director of the Company with effect from 1st June, 2006 under Article 106 of the Articles of Association of the Company who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Independent Director of the Company".

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

"RESOLVED THAT Shri B Jayaprakash Reddy, who was appointed as an Additional Director of the Company with effect from 1st June, 2006 under Article 106 of the Articles of Association of the Company who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Independent Director of the Company".

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

"RESOLVED THAT in super session of the earlier Resolution passed by the shareholders and pursuant to the provisions of Section 163 of the Companies Act, 1956, the approval of the Company be and is hereby accorded, for (1) keeping the Registers and the Index of Members at the office of the Share Registrars and Transfer Agents (RTA) of the Company viz., BIGSHARE SERVICES PRIVATE LIMITED, Hyderabad instead of being kept at the Registered Office of the Company and (2) keeping at the Registered office of the Company the copies of all Annual Returns prepared under Section 159 of the Act, together with the copies of Certificates and Documents required to be annexed thereto under Section 161 of the Act."

26th July, 2006

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

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, 2006 to 30th September, 2006 (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 & 6 :

The Board of Directors have appointed Shri T V N Prasad & Shri B Jayaprakash Reddy as Additional Directors of our company by the Board of Directors Resolution with effect from 1st June, 2006. In accordance with Article 106 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 these Directors will hold office upto the date of forthcoming Annual General Meeting of the company. Notice along with a deposit of Rs. 500/- in respect of each of these Directors as required by the Companies Act, 1956 has been received by the Company from a member proposing the appointment of Shri T V N Prasad & Shri B Jayaprakash Reddy as Directors of the Company. As required by the stock exchange listing agreement clauses, details of these two Independent Directors have been furnished as Annexure to the Directors Report.

None of the Directors are concerned or interested in this resolution. Your Directors commend the appointment of Shri T V N Prasad & Shri B Jayaprakash Reddy as Independent Directors of the Company.

Item No 7 :

The Board of Directors vide their Resolution dated 29th June, 2006, due to administrative reasons appointed, new Registrars and Share **Registrars and Transfer Agents (RTA)**: Bigshare Services Private Limited, Hyderabad to deal with the transfer of physical securities and matters associated there with and also deal with the dematerialisation and rematerialisation of securities of our Company subject to the terms and conditions of the agreement being entered into with the said new Registrars and Share **Registrars and Transfer Agents (RTA)**. Our Company has therefore discontinued to avail services from IKON VISION PRIVATE LIMITED. In view of this decision and as per the provisions of the Companies Act, 1956, the approval of the shareholders in the General Meeting is being sought in to (1) keeping the Registers and the Index of Members at the office of the Share **Registrars and Transfer Agents (RTA)** of the Company viz., Bigshare Services Private Limited Hyderabad instead of being kept at the Registered Office of the Company and (2) keeping at the Registered office of the Company the copies of all Annual Returns prepared under Section 159 of the Act, together with the copies of Certificates and Documents required to be annexed thereto under Section 161 of the Act."

26th July, 2006

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**DIRECTORS REPORT**

To The Members,

Your Directors have pleasure in presenting the FIFTEENTH ANNUAL REPORT of the company together with Audited Balance Sheet and Profit and Loss Account for the year ended 31st March 2006.

FINANCIAL RESULTS

	2005-06 (Rupees in lakhs)	2004-05 (Rupees in lakhs)
Profit before Interest	120.60	163.63
Depreciation & Taxes		
Less : Interest	45.29	37.47
Profit before Depreciation and Taxes	75.31	126.16
Less : Depreciation	51.85	50.46
Profit before Tax	23.46	75.70
Add: Profit/Loss/B/F from previous year	140.62	71.92
Profit before Tax	164.08	142.62
Less: Income Tax	14.73	5.70
Provision/Paid		
Add: Deferred Tax (Assets)	5.45	1.30
Net Profit carried to Balance Sheet	154.80	140.62

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.

i) Your Directors are pleased to report that the company is doing lot of Outsourcing work for very reputed companies like Cadbury and M/s. Himalaya Drug Co. etc.

ii). 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 to children, pregnant women and lactating mothers in, Bihar, West Bengal and A.P. through social welfare department.

iii) Your company is in the process of launching 'Candy Nutry', a product with Vitamins for the first time in the country. The Micronutrient Initiative, Canada was kind enough to lend their name and consent for the product.

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 5.48 crores. Supplies against the contract of Micronutrient Initiative, Canada was suspended due to budget constraints at their end.

Revenue from processing charges on third party manufacturing amounted to Rs.2.57 crores as against Rs.1.47 crores last 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 has been continued with M/s J K Dairy & Foods

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

4. DIRECTORS :

Smt Meera B Gurbani, Director and Shri Harnam R Bathija , Director retire by rotation during the forthcoming Annual General Meeting being eligible offer themselves for reappointment as Directors. Shri T V N Prasad & Shri B Jayaprakash Reddy who were appointed by the Board as Additional

SAMPRE NUTRITIONS LIMITED

Directors of the Company have been proposed to be appointed as Directors in the ensuing Annual General Meeting of the Company. Shri Mirza Mohammed Sami, Shri V S N Murthy and Shri R Badrinarayanan had resigned as Directors.

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 from the Auditors of the Company regarding compliance of conditions of corporate governance, form 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, Himalaya Drug Company, The Micro Nutrient Initiative Programme, and the C&F Agents. Your Directors also acknowledge with deep sense of appreciation the continued support from Shareholders, Investors, Suppliers, Bankers-State Bank of India UTI Bank Limited, Financial Institutions and various Departments of Central and State Governments.

Yours 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

CHAIRMAN & MANAGING DIRECTOR

Secunderabad

Date : 26th July, 2006

SAMPRE NUTRITIONS LIMITED

ANNEXURE TO DIRECTOR'S REPORT

FORM - A (see rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

PARTICULARS	UNIT	Current Year (2005-06)	Previous Year (2004-05)
A. Power and fuel consumption			
1. Electricity			
(a) Purchased			
Units	KWH	565293	724533
Total Amount	Rs.	1955914	3368728
Rate / Unit	Rs./KWH	3.46	4.65
(b) Own Generation			
(i) Through diesel generation			
Units	KWH	41640	21600
Units per lts of diesel oil	KWH/Lit	3.00	3.00
Cost / Units	Rs./KWH	10.20	9.15
(ii) Through steam turbine generation	--		
2. Coal (specify quality and where used)			
Quantity (tones)	--		
Total cost			
Average rate			
3. Furnace Oil			
Quantity	Litres	190562	422409
Total Amount	Rs.	4764050	5913726
Average rate	Rs./Ltr	25	14
4. Others/internal generator			
Quantity	--		--
Total Cost			
Rate / Unit			
B. Consumption per unit of production.			
Product (with details) total in Kgs			3303362
Electricity	KWH		0.20
Furnace Oil	Litres		0.18
Diesel	Litres		0.06
Others (specify)			