



NutraliteTM

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CARNATION NUTRA-ANALOGUE FOODS LTD.

ANNUAL REPORT 2005-2006

Nutralite™

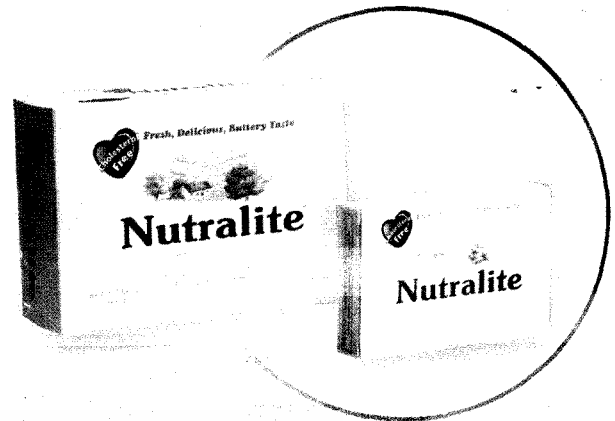
TABLE MARGARINE

A healthy butter substitute

*N*utralite is made from a blend of rich vegetable oils and skimmed milk to give fresh, delicious buttery taste... but without any cholesterol.

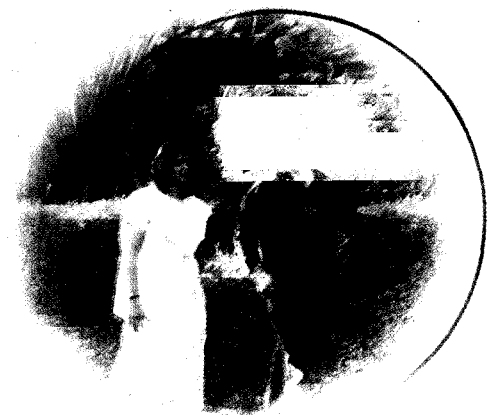
Nutralite benefits:

- › Cholesterol Free
- › Rich in PUFA – A Cholesterol Fighter
- › Contains No Hydrogenated Fats
- › Low in Saturated Fats
- › Rich in Vitamin A, D & E



Nutralite is India's largest selling table margarine. Since, it does not contain any hydrogenated fats, Nutralite is one of the world's healthiest table margarine. Internationally, margarine is 3 times more popular than butter and is the preferred choice of all health conscious people because of its proven health benefits. In India, too, the trend is gradually shifting to healthier butter substitutes – a promising future for Nutralite.

Nutralite can replace butter in all applications. It can be used for cooking, baking and frying apart from using it as a spread on bread, toast and other snacks.





COMPANY INFORMATION

CHAIRMAN Mr. Jayantibhai K. Amin
(up to 27th July 2006)

Mr. Mukesh M. Patel
(w.e.f 27th July 2006)

MANAGING DIRECTOR Mr. Ashish J. Amin

DIRECTORS Mr. Shekhar G. Patel
Mr. Manubhai P. Patel
Mr. Bharat V. Patel
(up to 27th July 2006)

Dr. Mukesh R. Patel
Dr. Ganesh N. Naik
Mr. Manubhai K. Patel
(w.e.f 27th July 2006)

COMPANY SECRETARY Mr. Manoj Nair

BANKERS Central Bank of India
S M Road, Branch
Ahmedabad

AUDITORS M/s. Rajendra N Shah & Co
Chartered Accountants

REGISTERED & CORPORATE OFFICE A-204, "Samudra"
Sardar Patel Nagar
C.G. Road
Ahmedabad-380006

REGISTRAR AND SHARE TRANSFER AGENTS M/s. Intime Spectrum
Share Registry Limited
211, Sudarshan Comp.
Nr. Mithakali
Underbridge
Navrangpura
Ahmedabad- 380009

WORKS 7A, 7B & 8, Saket
Industrial Estate
Sarkhej Bawala Road
Gam Moraiya
Taluka Sanand
Dist. Ahmedabad.

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CARNATION NUTRA-ANALOGUE FOODS LIMITED

**Registered Office : A-204, Samudra, Sardar Patel Nagar,
C.G. Road, Ahmedabad-380 006.**

NOTICE is hereby given that the TWELFTH ANNUAL GENERAL MEETING of the members of Carnation Nutra-Analogue Foods Limited will be held on Friday, the 29th day of September 2006 at 10.00 A.M. at Seminar Hall, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marge, Ahmedabad - 380 015 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Balance Sheet as at 31st March, 2006 and Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Ashish Amin, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. Mukesh M. Shah & Co., Chartered Accountants, as auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration in place of retiring Auditors M/s. Rajendra N Shah & Co. Chartered Accountants who have expressed their unwillingness to continue to act as auditors of the Company after the conclusion of Annual General Meeting.

SPECIAL BUSINESS

5. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**

"RESOLVED THAT Mr. Mukesh Mangalbhay Patel, a Director who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act 1956 at the Board Meeting of the Company held on 27th July 2006 and who hold office till the conclusion of this Annual General Meeting and with respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 together with Rs. 500/- in cash be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Dr. Mukesh Raojibhai Patel, a Director who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act 1956 at the Board Meeting of the Company held on 27th July 2006 and who hold office till the conclusion of this Annual General Meeting and with respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 together with Rs. 500/- in cash be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**

"RESOLVED THAT Dr. Ganesh Narayan Nayak, a Director who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act 1956 at the Board Meeting of the Company held on 27th July 2006 and who hold office till the conclusion of this Annual General Meeting and with respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 together with Rs. 500/- in cash be and is hereby appointed as a Director of the Company liable to retire by rotation."

8. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**

"RESOLVED THAT Mr. Manubhai Khodidas Patel, a Director who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act 1956 at the Board Meeting of the Company held on 27th July 2006 and who hold office till the conclusion of this Annual General Meeting and with respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 together with Rs. 500/- in cash be and is hereby appointed as a Director of the Company liable to retire by rotation."

**Date: 27th July 2006
Place : Ahmedabad.**

BY ORDER OF THE BOARD

**MANOJ NAIR
COMPANY SECRETARY**

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

THE INSTRUMENT APPOINTING A PROXY, SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. Members/proxies should bring the attendance slips duly filled in and signed for attending the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 25th September 2006 to 28th September 2006, both days inclusive for the purpose of Annual General Meeting and payment of dividend.
4. The payment of Dividend as recommended by the Directors, if approved at the meeting, will be paid :
 - a. in respect of shares held by members in physical mode, to those members whose names are on the Register of Members or to their mandates, after giving effect to all valid transfers in physical form lodged with the Company on or before 24th September 2006.
 - b. in respect of shares held by members in electronic form, to those "deemed members" whose name appear on the statement of beneficial ownership furnished by National Securities Depository Services Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the purpose of payment of dividend.
5. If any shareholder has any query with regard to accounts the same may be sent to the Company's Registered Office at least 10 days before the meeting.
6. Members holding shares in physical form are requested to notify change in address, if any, to the Company's Share Transfer Agent at the address mentioned elsewhere in the Annual Report quoting their Folio number.
7. Members are requested to bring their copy of Annual Report at the meeting.
8. The facility of ECS is optional and an additional mode of dividend payment and under this facility, the dividend amount payable is directly credited to the shareholder's bank account and the concerned bank indicates the credit entry as 'ECS' in the shareholder's pass book / statement of account.

The Company reserves the right to pay dividend by issue of dividend warrants instead of paying dividend through ECS.

9. An Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956 is annexed hereto.



EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

In conformity with the provisions of Section 173(2) of the Companies Act 1956, the following Explanatory statement sets out the material facts relating to Special Business mentioned in the accompanying Notice and forming part of the Notice.

Item No 5

Mr. Mukesh Mangalbhai Patel was appointed as an Additional Director of the Company pursuant to provisions of Section 260 of the Companies Act 1956 read with Article 134 of the Articles of Association of the Company at the Board Meeting of the Company held on 27th July, 2006. He holds office up to the date of the ensuing Annual General Meeting of the Company. In terms of Section 257 of the Companies Act 1956, the Company has received a notice in writing along with a deposit of Rs. 500/- from a member of the Company signifying his intention to propose the candidature of Mr. Mukesh Mangalbhai Patel for the office of director.

Mr. Mukesh Mangalbhai Patel is having rich and varied experience in the field of international taxation, tax planning. He is practicing as an Advocate and Tax Consultant. The Company will immensely benefit due to his varied experience, expertise and guidance. Brief resume of Mr. Mukesh Mangalbhai Patel is annexed to the notice.

None of the directors of the Company except Mr. Mukesh Mangalbhai Patel may be deemed to be concerned or interested in the item.

The Board recommends passing the resolution as an Ordinary Resolution.

Item No 6

Dr. Mukesh Raojibhai Patel was appointed as an Additional Director of the Company pursuant to provisions of Section 260 of the Companies Act 1956 read with Article 134 of the Articles of Association of the Company at the Board Meeting of the Company held on 27th July, 2006. He holds office up to the date of the ensuing Annual General Meeting of the Company. In terms of Section 257 of the Companies Act 1956, the Company has received a notice in writing along with a deposit of Rs. 500/- from a member of the Company signifying his intention to propose the candidature of Dr. Mukesh Raojibhai Patel for the office of director.

Dr. Mukesh Raojibhai Patel is having rich and varied experience in the pharmaceutical industry. The Company will immensely benefit due to his expertise, knowledge and guidance. Brief resume of Dr. Mukesh Raojibhai Patel is annexed to the notice.

None of the directors of the company except Dr. Mukesh Raojibhai Patel may be deemed to be concerned or interested in the item.

The Board recommends passing the resolution as an Ordinary Resolution.

Item No 7

Dr. Ganesh Narayan Nayak was appointed as an Additional Director of the Company pursuant to provisions of Section 260 of the Companies Act 1956 read with Article 134 of the Articles of Association of the Company at the Board Meeting of the Company held on 27th July, 2006. He holds office up to the date of the ensuing Annual General Meeting of the Company. In terms of Section 257 of the Companies Act 1956, the Company has received a notice in writing along with a deposit of Rs. 500/- from a member of the Company signifying his intention to propose the candidature of Dr. Ganesh Narayan Nayak for the office of director.

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Dr. Ganesh Narayan Nayak is having rich and varied experience of marketing. The Company will immensely benefit due to his expertise. Brief resume of Dr. Ganesh Narayan Nayak is annexed to the notice.

None of the directors of the company except Dr. Ganesh Narayan Naik may be deemed to be concerned or interested in the item.

The Board recommends passing the resolution as an Ordinary Resolution.

Item No 8

Mr. Manubhai Khodidas Patel was appointed as an Additional Director of the Company pursuant to provisions of Section 260 of the Companies Act 1956 read with Article 134 of the Articles of Association of the Company at the Board Meeting of the Company held on 27th July, 2006. He holds office up to the date of the ensuing Annual General Meeting of the Company. In terms of Section 257 of the Companies Act 1956, the Company has received a notice in writing along with a deposit of Rs. 500/- from a member of the Company signifying his intention to propose the candidature of Mr. Manubhai Khodidas Patel for the office of director.

Mr. Manubhai Khodidas Patel is having rich and varied experience in the field of accounts, finance and pharmaceutical industry. The Company will immensely benefit from his valuable guidance and expertise. Brief resume of Mr. Manubhai Khodidas Patel is annexed to the notice.

None of the directors of the company except Mr. Manubhai Khodidas Patel may be deemed to be concerned or interested in the item.

The Board recommends passing the resolution as an Ordinary Resolution.

Date: 27th July 2006

Place : Ahmedabad

BY ORDER OF THE BOARD

**MANOJ NAIR
COMPANY SECRETARY**


Information as required by Clause 49 of the Listing Agreement :

As required by Clause 49 of the Listing Agreement with the Stock Exchange, the information relating to the Directors proposed to be appointed/ re-appointed is provided hereunder:

Name of the Director	Brief resume and Nature of expertise in specific functional area as on 31-3-2006	List of other Directorships/ committee memberships in public companies
Mr. Ashish Jayantibhai Amin	He has an experience of 12 years in the industry.	Other Directorships Ganesh Housing Corporation Limited Committee memberships Audit Committee Ganesh Housing Corporation Limited (Chairman) Remuneration Committee Ganesh Housing Corporation Limited (Chairman) Shareholders' / Investors' Grievance Committee Ganesh Housing Corporation Limited (Chairman)
Mr. Mukesh Mangalabhai Patel	He is an eminent expert in Direct Taxes. He is practicing as an Advocate and Tax Consultant since 1977, with specialization in the field of Tax Planning, Appellate Matters, International Taxation, Tax and Investment Planning for Non Resident Indians and Foreign Collaboration. He has also been actively engaged in Legal Education and Tax Journalism for the past over 25 years having been a visiting Faculty with the Gujarat Law Society and the Indian Institute of Management, Ahmedabad and through his weekly columns on Direct Taxes with 'Gujarat Samachar' and 'the Times of India'. He has served as the President of the Ahmedabad Management Association, Gujarat Chamber of Commerce and Industry, All Gujarat Federation of Tax Consultants and several other bodies. Currently, he is the President of Indian Red Cross Society, Ahmedabad. He is member on the Executive Committee of FICCI and Managing Committee of ASSOCHAM.	Other Directorships Cadila Healthcare Limited German Remedies Limited Zydus Pharmaceuticals Limited Desai Brothers Limited Hitachi Home & Life Solutions (India) Limited Sandesh Limited Nutan Tobacco Co. Private Limited Committee memberships Audit Committee Cadila Healthcare Limited (Chairman) Desai Brothers Limited (Chairman) Hitachi Home and Life Solutions (India) Limited (Chairman) Sandesh Limited (Chairman) Shareholders' / Investors' Grievance Committee Cadila Healthcare Limited (Chairman)
Dr. Mukesh Raojibhai Patel	He is a master in Pharmacy and also a Ph.D in Pharmaceuticals and Pharmaceutical Technology. He has wide working experience of 33 years in pharmaceutical industry. He was in employment in pharmaceutical companies and was providing technical services. At present he is a Director of Restech Pharmaceuticals. He was associated with various institutions at different positions.	Other Directorships BA Research India Limited Cadmach Machinery Co. Pvt. Ltd. Committee memberships None

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Name of the Director	Brief resume and Nature of expertise in specific functional area as on 31-3-2006	List of other Directorships/ committe memberships in public companies
Dr. Ganesh Narayan Nayak	<p>At present he is an Executive Director of Zydus Cadila, spear heads the international operations of the group. He also oversees the Joint Venture Companies and Consumer Products Business of Cadila Healthcare Limited. He is associated with Cadila since 1977 and having experience of more than 29 years.</p> <p>With strategic insight and business acumen, Dr. Nayak has played a key role in several M&A deals and alliances. Strategic management skills, long standing expertise in sales & marketing and new insights from the Harvard Business School have catapulted him to the global league of marketing professionals. He has further enhanced his learning with the degree of Doctorate in Marketing Management & Business Administration from the Belford University, USA.</p>	<p>Other Directorships Sarabhai Zydus Animal Health Limited Zydus Altana Healthcare Pvt. Limited Zydus Mayne Oncology Pvt. Limited BSV Pharma Private Limited BSV Research and Development Private Limited</p> <p>Committee memberships Audit Committee : Sarabhai Zydus Animal Health Limited – Member.</p>
Mr. Manubhai Khodidas Patel	<p>He is a qualified Chartered Accountant and having rich experience of accounts, finance, taxation and Company Law. He is working as Chief Financial Officer of holding Company viz. M/s Cadila Healthcare Limited since last 26 years.</p>	<p>Other Directorships Dialforhealth Unity Limited BSV Pharma Private Limited BSV Research and Development Private Limited</p> <p>Other Directorships None.</p>

N.B. : Except Mr. Ashish J. Amin who holds 10 equity shares of the Company, no other Directors are holding any shares in the Company.



DIRECTORS' REPORT

To,

The Members of
Carnation Nutra-Analogue Foods Limited,

Your directors have pleasure in presenting their **TWELFTH** Annual Report of the Company alongwith the Audited statements of accounts for the year ended 31st March 2006. The summarised financial results are given below.

SUMMARISED FINANCIAL HIGHLIGHTS

Particulars	(Amount in Rupees)	
	2005-06	2004-05
Sales and Other Income	315,470,001	289,098,582
Profit before Interest, Depreciation & Tax	55,216,085	42,507,841
Less: Interest	137,856	109,386
Depreciation	7,419,823	3,075,828
Provision for Tax	22,855,054	14,459,988
Profit after Interest, Depreciation & Tax	24,803,352	24,862,639
B/F Surplus in Profit & Loss A/c	35,944,198	16,396,150
Profit available for Distribution	60,747,550	41,258,789
Proposed Dividend	5,575,100	4,660,900
Dividend Tax	781,908	653,691
Amount transferred to General Reserve	10,000,000	0
Balance carried to Balance Sheet	44,390,542	35,944,198

For the year ended on 31st March, 2006, the sales and other income of the Company has increased by 9 % and was Rs. 315,470,001/- as compared to Rs. 289,098,582/- in the previous year. Net Profit of the Company remained static and was Rs. 24,803,352/- as compared to Rs. 24,862,639/- during the previous year.

DIVIDEND

The Board is pleased to recommend a dividend of 10 % (Re. 1/- per equity share) for the year 2005-06, if approved by the shareholders at the ensuing Annual General Meeting. Dividend payable will be Rs. 6,357,008/- inclusive of dividend tax.

FIXED DEPOSITS

During the year under review, the Company has not accepted any deposits from the public.

CHANGE IN CONTROLLING STAKE

During the year under review, Cadila Healthcare Limited, a listed public Company has acquired 3,432,138 equity shares through market purchase and open offer. Pursuant to acquisition of 61.56% shareholding, the Company has become a subsidiary of Cadila Healthcare Limited w.e.f. 8th June, 2006.

Since, Cadila Healthcare Limited has become a major shareholder having controlling stake in the Company, the Board of Directors of the Company was reconstituted.

DIRECTORS

Shri Ashish Amin, Director of the Company, retires by rotation and being eligible offered himself for reappointment.

Shri Jayantibhai K. Amin, Shri Shekhar G. Patel, Shri Bharat V. Patel and Shri Manubhai P. Patel have resigned from the Board of Directors of the Company with effect from 27th July 2006. The Board place on record their deep appreciation of the valuable services rendered by them during their respective tenure as Directors of the Company.

Shri Mukesh M. Patel, Dr. Mukesh R. Patel, Dr. Ganesh Nayak and Shri Manubhai K. Patel were appointed as additional directors on the Board of Directors of the Company pursuant to Article No. 134 of Articles of Association of the Company. The advantage of their vast experience in the field of taxation, industry, marketing and finance will thus be available to the Company. They will hold office until the date of the forthcoming Annual General Meeting and the Board recommends their appointment as Directors at the ensuing Annual General Meeting.