

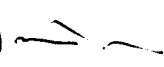
Carnation Nutra-Analogue Foods Ltd.

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ANNUAL REPORT

2002-2003

CERTIFIED TRUE COPY
For, CARNATION NUTRA-ANALOGUE
FOODS LTD.

A. J. A. 
MANAGING DIRECTOR

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CARNATION NUTRA-ANALOGUE FOODS LIMITED

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

Board of Directors

Chairman

Shri Jayantibhai Amin

Managing Director

Shri Ashish Amin

Directors

Shri Manubhai Patel

Shri Kamal Patel

Shti Shekhar Patel

Shri Bharat Patel

Registered Office

A-204, Samudra,
Sardar Patel Nagar,
C.G.road ,
Ahmedabad-380 006.

Bankers

Central Bank Of India
S.M.Road Branch
Ahmedabad.

Auditors

M/s. Rajendra N.Shah & Co.
Ahmedabad.

Company Secretary

Ms. Kadambari Dave

Factory

7A, 7B & 8 Saket Industrial Estate,
Sarkhej Bawla Road, Gam-Moraiya,
Sanand, Dist. Ahmedabad.

NINTH ANNUAL GENERAL MEETING

Date : 27th September , 2003

Day : Saturday

Time : 11:00 a.m.

Place : A-204, Samudra,S.P.Nagar.
C.G.Road,Ahmedabad-380 006.

NOTICE

NOTICE IS HEREBY given that the **NINTH** Annual General Meeting of the Company will be held at A-204 , Samudra , Sardar Patel Nagar , C.G.Road ,Ahmedabad -380 006 on Saturday , the 27th September, 2003 at 11.00 A.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider , approve and adopt the audited Balance Sheet as at 31.3.2003 , and the Profit and Loss Account for the Financial Year ended on the same date , together with the Director's Report and the Auditor's report there on .
2. To appoint a Director in place of Shri Ashish Amin who retires by rotation and , being eligible , offers himself for re-appointment.
3. To declare dividend on Equity Shares.
4. To appoint M/s. Rajendra N. Shah & Co. Chartered Accountants as Auditors , who shall hold office from the conclusion of this Annual General Meeting and to fix their remuneration .

SPECIAL BUSINESS :

To consider and if thought fit, pass, with or without modifications, the following resolution as an Ordinary Resolution :

5. "RESOLVED THAT Shri Shekhar Patel, who was appointed as an Additional Director of the Company pursuant to section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General meeting and in respect of whom the Company has received a notice in writing under section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Shri Bharat Patel, who was appointed as an Additional Director of the Company pursuant to section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General meeting and in respect of whom the Company has received a notice in writing under section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

To consider and if thought fit, pass, with or without modifications, the following resolution as an Ordinary Resolution :

7. "RESOLVED THAT in modification of the resolution passed by the members in the General Meeting on 28th September, 2002, fixing the remuneration payable to Mr. Ashish Amin, the Managing Director of the Company, the same be and is hereby modified pursuant to the provisions of Schedule XIII, section 269, 198,309 and other applicable provisions of the Companies Act, 1956, as given below for remaining period of his tenure.

- | | |
|-------------------------|----------------------------|
| a) Salary | : Rs. 60,200/-, per month |
| b) House Rent Allowance | : Rs. 25, 800/-, Per month |

C) Provident Fund, Superannuation benefits and Gratuity as per the rules of the Company subject to the ceilings as per the guidelines for Managerial remuneration in force from time to time.

To consider and if thought fit, pass, with or without modifications, the following resolution as special Resolution :

8. "RESOLVED THAT in terms of the Guidelines issued by the Securities and Exchange Board of India (SEBI) and subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent be and is hereby accorded to "the Board" to delist the Company's Equity Shares from The Stock Exchange, Ahmedabaad at such time as the Board may in its absolute discretion, consider appropriate and on terms and conditions as may be stipulated and/or mutually agreed to in the best interest of the Company."

"RESOLVED FURTHER THAT "the Board be and hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution."

For and on behalf of the Board

Place : Ahmedabad
Date : 7th August , 2003

JAYANTIBHAI AMIN
Chairman

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

NOTES

1. A MEMBER OF THE COMPANY WHO IS ENTITLED TO ATTEND AND VOTE AT THE SAID MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Instrument(s) appointing Proxies , if any , in order to be effective , must be received at the Registered Office of the company , not less than forty eight hours before the commencement of the meeting. Proxies shall not have any right to speak at the meeting.
3. Register of Members and share Transfer Books of the Company will remain closed on 20-09-2003 to 27-09-2003 (both days inclusive).
4. Members / Proxies should bring the Attendance slip duly filled in for attending the meeting .
5. Members desiring any information as regards the Accounts are requested to write to the Company atleast 15 days before the date of the meeting , as to enable the management to keep the information ready.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT , 1956.

Item No. 5 & 6

The Board of Directors at their meeting held on 25.03.2003 and 29.04.2003, appointed Shri Shekhar Patel and Shri Bharat Patel respectively as Additional Directors of the Company in accordance with section 260 of the Companies Act, 1956. These Directors hold office up to the date of the ensuing Annual General Meeting. The Company has received notices from some members of the Company proposing their respective candidature for the office of Director.

Keeping in view the experience and qualification of the aforesaid persons, your Directors consider it to be in the interest of the Company, if they are appointed as Directors retiring by rotation as per the provisions of the Companies Act, 1956.

Your Directors therefore recommend the said resolutions for your approval.

The aforesaid Directors may be deemed to be concerned or interested in the resolution relating to their respective appointments.

None of the other directors are in any way concerned or interested in the said resolutions.

Item No. 7

The members of the Company at their 8th Annual General Meeting approved appointment of Shri Ashish Amin as Managing Director of the Company. Shri Ashish Amin is the pioneer in establishing the Company. He also possesses vast knowledge in the field of administration, finance, marketing, MIS and strategic Planning and the Company has developed manifold under his leadership. Your Directors, therefore, felt it necessary to increase his managerial remuneration from Rs. 40,000 p.m. to Rs. 86,000 p.m.(consolidate) to match his knowledge and experience. Hence, your Directors in their meeting held on 27.03.2003 approved the payment of remuneration of Rs. 86,000 p.m. (consolidate) to Shri Ashish Amin w.e.f. from 01.04.2003, subject to your approval.

Your Directors therefore recommend the said resolution for your approval.
Shri Asish Amin and Shri Jayantibhai Amin may be deemed to be concerned or interested in the resolution.
None of the other directors are in any way interested in the said resolution.

Item No. 8

The Company's Equity Shares are presently listed on the Stock Exchange, Mumbai and Ahmedabad.

SEBI has brought out revised guidelines in February, 2003 regarding Voluntary delisting of shares. According to the revised guidelines, company may delist from any one or more stock exchanges where the Company's Equity Shares are listed, provided the Company's Equity Shares are listed on either The Stock Exchange, Mumbai or the National Stock Exchange of India Limited.

With the networking of various centers of the Stock Exchange, Mumbai, the members of the Company have access to online dealings in the Company's Shares from any locations across the country.

The trading volumes on The Stock Exchange, Ahmedabad have been very thin and negligible and no extra benefits are available to the shareholders of the company by contributing the listing of the Company's Equity Shares on the same. The proposed delisting from the Stock Exchange, Ahmedabad will not adversely affect any investor including the local members where the same is situated.

Apart from financial savings, the proposed delisting will also reduce the repetitive statutory compliances, procedures and formalities.

The Board after careful consideration, has decided, subject to the approval of the shareholders, to delist the Company's equity shares from the Ahmedabad Stock Exchange.

As required under SEBI regulations for voluntary delisting by the Company, members' approval by a special resolution is required for this purpose and hence the proposed resolution under item no. 8 above.

The above resolution is in the interest of the Company and therefore, recommended by the Board for approval by the Shareholders.

None of the Directors of the Company is concerned and/or interested in this resolution.

For and on behalf of the Board

Place : Ahmedabad
Date : 7th August, 2003

JAYANTIBHAI AMIN
Chairman

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

* DIRECTOR'S REPORT

To,

The Members ,

The Directors have pleasure in submitting their Report for the year ended 31st March 2003.

1. FINANCIAL RESULTS :	Current Year	Previous Year
Sales and Other Income	9,12,52,880	6,41,61,033
Profit Before Interest, Depreciation & Tax	1,53,39,592	99,58,208
Less : Interest	2,30,476	6,13,173
Depreciation	34,51,633	38,90,788
Provision For Tax	5,70,000	5,10,000
Profit After Interest , Depreciation & Tax	1,10,87,483	49,44,247
B/F Surplus (Deficit) in Profit & Loss	(40,13,841)	(86,74,366)
Deferred Tax Liability	(17,29,788)	(2,83,722)
Profit Available for Distribution	53,43,854	-
Proposed Dividend	27,96,540	-
Dividend Tax	3,58,308	-
BALANCE CARRIED TO BALANCE SHEET	21,89,006	(40,13,841)

2. MANAGEMENT DISCUSSION AND ANALYSIS

Business Performance :

1. Revenues : Sales and other Income of the Company is 9.12 crs. as Compared to 6.42 crs. of previous year, which shows rise of nearly 42%.
2. Expenditure : The expenditure of the Company this year is 7.95 crs. as compared to 5.87 crs of last year which shows increase of 35%. However Expenditure is 87% of the Total Income this year as compared to 84% of last year i.e. increase of 3%.
3. Profits : The Net Profits of the Company are Rs. 21,89,006 as compared to negative one of last year i.e. Rs. (40,13,841). With this increase in the profits, the Company has wiped off its entire past losses.

Marketing and Business Development :

Several initiatives have resulted in building a respectable and healthy operating margins. Measures to improve marketing and sales force effectiveness are in place. Sales force sizing, continued stockiest rationalization and enforcement of field selling disciplines are other initiatives which met with considerable success.

Business Environment :

The last financial year saw the continuance of global slowdown. However, thrust of the Company to grow makes some difference. The Key highlights are as under.

Positive:

- i. Increased number of customers
- ii. Increase in volume
- iii. Opening of new branch office at Jaipur, Rajasthan
- iv. Sales penetrated new geographies

Negative :

- v. Sustained Price Pressure
- vi. Frequent changes in tax structures like Excise duty
- vii. Shift towards substitutes

Risks and Concerns :

The Company is exposed to specific risks that are particular to its business and environment within which it operates and it manages the same by following prudent business and risk management practices.

3. INTERNAL CONTROL SYSTEMS :

The Company maintains a system of internal control , including suitable monitoring procedures. M/s. Jatin Parikh & Associates, Chartered Accountants is appointed as Internal Auditor of the Company in Board Meeting Held on 25th March, 2003. The Internal Audit Department regularly conducts a review of the financial and operating controls at various locations of the company including in areas such as Intellectual Property , Business Continuity and Disaster Recovery . Any significant issues are required to be brought to the attention of the Audit Committee of the Board.

4. FIXED DEPOSITS :

The company has not accepted any deposits from the public during the year.

5. DIVIDEND :

The Directors recommend a dividend of Rs. 0.60 Per Equity Share for the year 2002-2003, if approved by the Shareholders at the ensuing Annual General Meeting. The Dividend will absorb Rs. 27,96,540.

6. DIRECTORS :

Shri Ashish Amin, director retires by rotation at the ensuing Annual General Meeting, and being eligible offers himself for reappointment .

The Board of Directors at their meeting held on 25.03.2003 and 29.04.2003, appointed Shri Shekhar Patel and Shri Bharat Patel as Additional Directors of the Company in accordance with section 260 of the Companies Act, 1956. These Directors hold office up to the date of the ensuing Annual General Meeting. The Company recommends their appointment as Directors.

Brief resume of the Directors retiring by rotation and of the Additional Directors to be confirmed at the ensuing Annual General Meeting, nature of their experience in specific functional areas and names of Companies in which they hold the directorship and the membership;/chairmanship of committees of the Board, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange, are given in the section on Corporate Governance elsewhere in the Annual Report.

7. CAUTIONARY NOTE :

Certain statements in the "Management Discussion and Analysis" section may be forward-looking and are stated as required by the applicable laws and regulations. Many factors may affect results which could be different from what the director's envisage in terms of future performance and outlook.

8. ADDITIONAL DISCLOSURES :

In line with the requirements of the Listing Agreements and the Accounting Standards of the Institute of Chartered Accountants Of India , your company has made additional disclosures in respect of Financial Statements.

9. DIRECTORS' RESPONSIBILITY STATEMENT :

Your director's confirm :

- (i) that in the preparation of the annual accounts , the applicable accounting standards have been followed ;
- (ii) that the appropriate accounting policies have been selected and applied consistently and the directors have 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 ended 31st March 2003 and of the profit of the Company for that year;
- (iii) that 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) that the annual accounts have been prepared on a going concern basis.

10. CORPORATE GOVERNANCE :

Every listed company is required to observe Corporate Governance Code as per the provisions contained in clause 49 of the Listing Agreement . The same is annexed to the Directors' Report.

11. EMPLOYEES :

During the year under review there was no employee in recent of remuneration of whom information as per section 217 (2A) of the companies Act, 1956 read with the companies (Particulars of Employees) Rules, 1975 is required to be given in the Directors' Report.

12. AUDITORS :

Shareholders are requested to re-appoint M/s. Rajendra N. Shah & Co. , Chartered Accountants as the Auditors of the Company and authorize the Audit Committee to fix their remuneration. The Company has received a letter from the said auditors to the effect that their re-appointment , if made , would be within the prescribed limits under Section 224 (1 B) of the Companies Act , 1956 .

13. GENERAL :

Information in accordance with the provisions of section 217 (1) (e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988 regarding the particulars relating to conservation of energy , technology absorption and foreign exchange earnings and outgo are annexed.

14. ACKNOWLEDGEMENTS :

Your directors would like to place on record their grateful appreciation for the assistance and co-operation received from the Banks, Government Authorities and Shareholders during the year under review. Your directors also express their deep sense of appreciation for the devoted services of the executives, staff and workers of the company for its success.

For and on behalf of the Board

Place : Ahmedabad

Date : 7th August , 2003

JAYANTIBHAI AMIN
Chairman