

Nutralite™

Healthier than Butter

India's Largest Selling Table Margarine

Report  Junction.com



Carnation Nutra-Analogue Foods Ltd.
(A Subsidiary of Cadila Healthcare Ltd.)

ANNUAL REPORT 2006-2007



What makes Nutralite Better?

Nutralite is a healthier alternative to butter. Nutralite is made from a rich blend of pure refined vegetable oils. It is Cholesterol Free and does not contain hydrogenated fats. Very few margarines in the world are made without adding hydrogenated fats - Nutralite is one of them. Apart from these benefits, it is low in saturated fats and high in unsaturated fats. It contains negligible Trans fats. It is fortified with Vitamin A, D and E.

Nutralite has been developed keeping in mind the fast food culture and the tectonic lifestyle changes that come with a baggage of health risks like high cholesterol, cardiovascular disorders, etc.

Nutralite is versatile in application - it can be used for cooking, baking, sauteing and frying. Nutralite not only makes food delicious but also reassuringly healthy.



COMPANY INFORMATION

CHAIRMAN	Mr. Mukesh M. Patel
MANAGING DIRECTOR	Mr. J. H. Patel
DIRECTORS	Dr. Mukesh R. Patel Dr. Ganesh N. Nayak Mr. Manubhai K. Patel
COMPANY SECRETARY	Mr. Manoj Nair
BANKERS	Central Bank of India S M Road Branch, Ahmedabad
AUDITORS	M/s. Mukesh M. Shah & Co. Chartered Accountants
REGISTERED & CORPORATE OFFICE	"Zydus Tower", Satellite Cross Roads, Sarkhek Gandhinagar Highway, Ahmedabad - 380 015.
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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**NOTICE****CARNATION NUTRA-ANALOGUE FOODS LIMITED**

Registered Office: Zydus Tower, Satellite Cross Roads,
Sarkhej-Gandhinagar Highway, Satellite, Ahmedabad- 380 015.

NOTICE is hereby given that the THIRTEENTH ANNUAL GENERAL MEETING of the members of Carnation Nutra-Analogue Foods Limited will be held on Monday, the 23rd day of July 2007 at 10.00 A.M. at AMA Seminar Hall, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Balance Sheet as at 31st March 2007 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. Mukesh M. Patel, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. Mukesh R. Patel, who retires by rotation and being eligible offers himself for re-appointment.
5. 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.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule-XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) consent of the members be and is hereby accorded to the appointment of Mr. Jitendra Raojibhai Patel as Managing Director of the Company for a period of five years with effect from 1st May 2007 on a remuneration not exceeding Rs. 9/- lacs p.a. and on the terms and conditions, benefits and perquisites payable, as set out in the draft agreement proposed to be entered between the Company and Mr. Jitendra Raojibhai Patel produced at this meeting and for the purpose of identification, initialled by the Company Secretary hereof."

RESOLVED FURTHER THAT notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, remuneration by way of salary, dearness allowance, perquisites and other allowances or any combination thereof shall not exceed the aggregate of the annual remuneration as provided above or the maximum remuneration payable as per the limits set out in Section II of Part II of Schedule XIII of the Companies Act, 1956, whichever is lower, unless otherwise determined by the Board of Directors.

RESOLVED FURTHER THAT the Board be and is hereby empowered to decide not to pay any remuneration or reduce the remuneration which the Board may consider reasonable, in such financial year where there are no profits or the same are considered inadequate by the Board.

LASTLY RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors and Mr. Manoj Nair, Company Secretary be and are hereby severally authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient and proper in the best interest of the Company.

BY ORDER OF THE BOARD

DATE : 25th April 2007
PLACE : AHMEDABAD

MANOJ NAIR
COMPANY SECRETARY



NOTICE

NOTES

1. The Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under Item No. 6 of the Notice is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, ON A POLL ONLY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

However Proxy Form(s) duly stamped, completed and signed, should be deposited at the Registered Office of the Company by not less than 48 hours before the Meeting.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 15th July 2007 to 20th July 2007 (both days inclusive).

The dividend, if declared, will be paid on or after 28th July 2007 but within the statutory time limit of 30 days, to those members entitled thereto whose names appear in the Register of Members of the Company as on 15th July 2007. With respect to shares held in dematerialised form in the Depository System, dividend thereon will be paid to the beneficial owners as per the list to be provided by the Depositories.

4. Payment of Dividend through ECS:

a) Members holding shares in physical form are advised to submit particulars of their bank account, viz., Name and address of the branch of the bank, 9 digit MICR code of the branch, type of account and account number latest by 14th July 2007 directly to the Company's Share Transfer Agents, M/s. Intime Spectrum Registry Limited, 211 Sudarshan Complex, Near Mithakali Six Roads, Navrangpura, Ahmedabad - 380009.

b) Members holding shares in demat form are advised to inform the particulars of their bank account to their respective depository participant.

5. The bank account particulars of the members will be printed on the dividend warrants with respect to shares held in physical form, the bank account particulars should be sent to the Company or its Registrar and Transfer Agent.

Members holding shares in demat form must give particulars of their bank account to their Depository Participants. The Company or its Registrar and Transfer Agent will not act on any such request received from members for change in their bank account particulars. Further, instructions given by members for shares held in physical form would not be applicable to the dividend paid on shares also held in demat form.

6. Members holding shares in physical form are requested to intimate Registrar and Transfer Agents of the Company viz., Intime Spectrum Registry Limited, 211 Sudarshan Complex, Near Mithakali Six Roads, Navrangpura, Ahmedabad - 380009, changes, if any, in their registered address alongwith Pin Code. Members holding shares in electronic form may update such details with their respective Depository Participant.
7. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, where the equity shares of the Company are listed, additional information pertaining to Directors proposed for re-appointment at the Annual General Meeting is attached hereto.
8. The documents referred to in the proposed resolution No.6 are available for inspection at the Registered Office of the Company during working hours between 9.30 A.M. to 1.00 P.M., except on holidays.

REQUEST TO THE MEMBERS

1. Members desiring any relevant information on the accounts at the Annual General Meeting are requested to write to the Company at least seven days in advance at its Registered Office, so as to enable the company to keep the information ready.
2. Members are requested to bring their copy of the Annual Report to the Meeting.

**NOTICE****EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO. 6**

Mr. Ashish Amin was appointed as Managing Director of the Company with effect from 25th July 2002 for a period of 5 years on the terms and conditions prescribed in the Agreement entered into between Mr. Ashish Amin and the Company. Since, Mr. Ashish Amin passed away before the term expired, the Board of Directors at their meeting held on 25th April, 2007 appointed Mr. Jitendra Raojibhai Patel as Director in the casual vacancy caused by the death of Mr. Amin.

The Board of Directors had appointed Mr. Jitendra Raojibhai Patel as Managing Director for a period of five years w.e.f. 1st May 2007, subject to approval of the members.

The proposed appointment of Mr. Jitendra Raojibhai Patel will be in accordance with the provisions of Schedule - XIII of the Companies Act, 1956 without requiring the approval of the Central Government. According to the provisions under Schedule XIII to the Companies Act, 1956 the Company can pay in any financial year remuneration by way of salary, dearness allowance, perquisites, commission and other allowance, to the extent of five percent of the net profit computed in accordance with the provisions of Section 198 and 309 of the Companies Act, 1956 or as the directors may decide in this behalf within the aforesaid limit.

The remuneration payable and the other terms and conditions of the appointment of Mr. Jitendra Raojibhai Patel as Managing Director including the payment of minimum remuneration to him in the event of absence or inadequacy of profits in any financial year of the Company is set out in the draft agreement proposed to be entered into by the Company with him and the salient features of the same are given as follows:

Remuneration and perquisites payable to Mr. Jitendra Raojibhai Patel.**1. Remuneration:**

The Managing Director will be paid remuneration by way of salary, dearness allowance, perquisites and other allowances, or any combination thereof which shall not exceed Rs. 9/- lacs p.a. subject to overall ceiling on managerial remuneration as laid down under the provisions of Companies Act, 1956.

2. Minimum Remuneration

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, remuneration by way of salary and perquisites shall not exceed the aggregate of the annual remuneration as provided above or the maximum remuneration payable as per the limits set out in Section II of Part II of Schedule XIII of the Companies Act, 1956, whichever is lower, unless otherwise determined by the Board of Directors.

3. Powers of the Board to decide the remuneration

Notwithstanding anything stated herein above, where in any financial year, there are no profits or the same are not considered adequate by the Board, the Board is empowered to decide not to pay any remuneration or to reduce the remuneration mentioned above to any amount they consider reasonable in the circumstances of case. The Board's power in this case are absolute and if so exercised by the Board before the end of the financial year or before the accounts are passed by the Annual General Meeting will override the provisions for remuneration set out above, and no remuneration or reduced remuneration as the case may be, will accrue and become payable to the said Managing Director.

4. Other Terms and Conditions

The Managing Director shall not be entitled to sitting fees for attending meeting of the Board of Directors or committees thereof.

If the Managing Director's employment ceases during the currency of any financial year, he or his executors or administrators shall be entitled to ratable proportion of what he would have received if he had lived and been employed for whole of that year.



NOTICE

The Managing Director shall be entitled to reimbursement of all expenses including travelling, entertainment and other out-of-pocket expenses incurred in connection with the business of the Company.

The Board of Directors is at liberty from time to time to appoint any other person or persons to be a Managing Director

The Managing Director shall be free to resign from his office by giving three calendar month's notice in writing to the Company.

If at any time the office of the Managing Director is terminated before the expiry of his term of office, the Managing Director shall be entitled to compensation for loss of office in accordance with and subject to the restrictions laid down in Section 318 of the Act.

The Managing Director shall be liable to retire by rotation and he shall be reckoned as director for the purpose of determining the rotation for retirement.

If at any time, the Managing Director ceases to be a Director of the Company for any causes whatsoever, he shall cease to be the Managing Director in terms of the Agreement and such Agreement shall terminate forthwith.

The Managing Director shall, subject to the supervision, direction and control of the Board of Directors, be entrusted with such powers and perform such duties, as may, from time to time, be delegated/entrusted to him.

5. Memorandum of Concern or Interest

Except Mr. Jitendra R. Patel, none of the other directors of the Company are concerned or interested in the said Resolution.

The draft of the Agreement for the appointment of the Managing Director referred to in the Ordinary Resolution at Item No.6 of the Notice is available for inspection by the members at the Registered Office of the Company on any working day between 9.30 a.m. to 1.00 p.m.

BY ORDER OF THE BOARD

DATE : 25th April 2007
PLACE : AHMEDABAD

MANOJ NAIR
COMPANY SECRETARY

**NOTICE****ANNEXURE TO THE NOTICE**

Disclosure pursuant to Clause 49 of Listing Agreement with regard to the Directors seeking re-appointment at the forthcoming Annual General Meeting (Refer Item Nos. 3 and 4 of the Notice)

Name of the Director	Brief resume and nature of expertise in functional area	List of other Directorships / Committee memberships in Public Companies as on 31-03-2007
Mr. Mukesh M Patel (Chairman)	<p>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 IIM Ahmedabad and through his weekly columns on Direct Taxes with 'Gujarat Samachar' and 'the Times of India'.</p> <p>He has held important positions apart from others as President, Gujarat Chamber of Commerce & Industry - 1999-2000, Regional Vice President, All India Management Association-1997-99, President, AMA 1995-97.</p> <p>He is on the Board of the reputed Companies.</p>	<p>Other Directorship:</p> <ol style="list-style-type: none"> 1. Cadila Healthcare Limited 2. German Remedies Limited 3. Zydus Pharmaceuticals Limited 4. Desai Brothers Limited 5. Hitachi Home & Life Solutions (India) Limited 6. Sandesh Limited <p>Chairman in Audit Committees of the following Companies:</p> <ol style="list-style-type: none"> 1. Cadila Healthcare Limited 2. Desai Brothers Limited 3. Hitachi Home and Life Solutions (India) Limited. 4. Sandesh Limited <p>Also member of Shareholders' / Investors' Grievance Committee of Cadila Healthcare Limited</p>
Dr. Mukesh R Patel (Director)	<p>He has a masters 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.</p>	<p>Other Directorship:</p> <ol style="list-style-type: none"> 1. BA Research India Limited



DIRECTORS' REPORT

To,
The Members of
Carnation Nutra-Analogue Foods Limited,

Your directors have pleasure in presenting their **THIRTEENTH** Annual Report of the Company along with the Audited statements of accounts for the year ended 31st March 2007. The summarised financial results are given below.

SUMMARISED FINANCIAL HIGHLIGHTS

Particulars	AMOUNT IN THOUSANDS	
	2006-07	2005-06
Sales and Other Income	438071	293976
Profit before Interest, Depreciation & Tax	51629	55216
Less : Interest	95	138
Depreciation	4238	7420
Provision for Tax	23399	22855
Profit after Interest, Depreciation & Tax	23897	24803
Add: Depreciation written back	18820	0
B/F Surplus in Profit & Loss A/c	44391	35944
Profit available for Distribution	87108	60748
Proposed Dividend	5575	5575
Dividend Tax	947	782
Amount transferred to General Reserve	4500	10000
Balance carried to Balance Sheet	76086	44391

For the year ended on 31st March 2007, the sales and other income of the Company has increased by 49 % and was Rs. 438071/- thousands Compared to Rs. 293976/- thousands in the previous year. However the profit after Interest, Depreciation and Tax declined marginally by 3.65 %, since the Company has spent huge amount on advertising and making the brand known to the public at large. The results of these expenses will be seen from the current year onwards.

DIVIDEND

The Board is pleased to recommend a dividend of 10 % (Re.1/- per equity share) for the year 2006-07, if approved by the shareholders at the ensuing Annual General Meeting. Dividend payable will be Rs. 6522/- thousands inclusive of dividend distribution tax.

Business Outlook

After the management of the Company was taken over by Cadila Healthcare Limited, the Company got new expertise and knowledge of the consumer division of the holding company which has been successfully marketing "**Sugar Free – India's No. 1 Sugar Substitute**". The Company has also decided to expand its production capacity to meet increased demand of the company's product. The results of the initiatives taken by the new management will reflect in the increased business and improved profitability.



DIRECTORS' REPORT

FIXED DEPOSITS

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

DIRECTORS

Mr. Ashish Amin, Managing Director of the Company passed away on 27th February 2007. The Board takes on record the appreciation of services rendered by Mr. Amin during the period he was associated with the Company.

Board of Directors at their meeting held on 25th April 2007 appointed Mr. Jitendra Raojibhai Patel as Director in casual vacancy caused by the sad demise of Mr. Amin. Board of Directors has further appointed Mr. Jitendra Raojibhai Patel as the Managing Director of the Company for a period of five years w.e.f 1st May 2007. The Board recommends the appointment and payment of remuneration to Mr. Jitendra Raojibhai Patel by the members at the ensuing Annual General Meeting.

Mr. Mukesh M. Patel and Dr. Mukesh R. Patel, Directors retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment. They have expressed their willingness for re-appointment. The Board also recommends their appointment by the members.

In accordance with the stipulation under Clause 49 of the Listing Agreement, brief resume of Mr. Mukesh M. Patel and Dr. Mukesh R. Patel together with the nature of their expertise in specific functional areas and names of companies in which they hold office as Director and /or Chairman/ member of committees of the Board are given as an attachment to the notice.

AUDITORS

The Audit Committee of the Board of Directors of the Company has recommended the re-appointment of M/s. Mukesh M Shah & Co., Chartered Accountants, who retire at the conclusion of the ensuing Annual General Meeting. The Auditors have offered themselves for reappointment. The Board recommends their appointment by the members.

The qualifications made, if any, by the auditors are self-explanatory and does not require further clarification.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirement under Section 217(2AA) of the Companies Act 1956 with respect to Directors responsibility statement your directors confirm that:

- a) The annual accounts for the financial year ended 31st March 2007 are prepared as a "going concern" basis.
- b) in the preparation of the annual accounts, the applicable accounting standards have been followed.
- c) Selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the profit of the Company for the year ended on 31st March 2007.
- d) Proper and sufficient care has been taken 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report as required under the Listing Agreement with the Stock Exchange is given as a separate statement, which forms part of the Annual Report.

CORPORATE GOVERNANCE

The report on Corporate Governance as required under Clause 49 of the Listing Agreement is made as a part of this report.

In compliance of Section 292A of the Companies Act 1956 and the Listing Agreement an audit committee consisting of 3 independent directors has been formed.