



annual report
2007-08

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

Zydus
dedicated to life



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NO TRANS FATS

LOW IN SATURATED FAT

RICH IN MUFA & PUFA

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**CARNATION NUTRA-ANALOGUE FOODS LIMITED****COMPANY INFORMATION**

CHAIRMAN	Mr. Mukesh M. Patel
MANAGING DIRECTOR	Mr. Jitendra R. Patel
DIRECTORS	Dr. Mukesh R. Patel Dr. Ganesh N. Nayak Mr. Manubhai K. Patel
COMPANY SECRETARY	Mr. Dhaval N. Soni
BANKERS	Bank of Baroda, Ashram Road Branch, Ahmedabad.
AUDITORS	M/s. Mukesh M. Shah & Co., Chartered Accountants
REGISTERED & CORPORATE OFFICE	"Zydus Tower", Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad - 380 015.
REGISTRAR AND SHARE TRANSFER AGENT	Intime Spectrum Registry Limited, 211, Sudarshan Complex, Nr. Mithakhali Underbridge, Navrangpura, Ahmedabad- 380 009.
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

NOTICE

CARNATION NUTRA-ANALOGUE FOODS LIMITED

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

NOTICE is hereby given that the FOURTEENTH ANNUAL GENERAL MEETING of the members of Carnation Nutra-Analogue Foods Limited will be held on Thursday, the 10th day of July 2008 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, 2008 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 Dr. Ganesh N. Nayak, who retires by rotation and being eligible offers himself for re-appointment;
4. To appoint a Director in place of Mr. Manubhai K. 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 an auditor, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

By order of the Board,

Date : 28th April, 2008.
Place : Ahmedabad.

Dhaval N. Soni
Company Secretary

NOTES :

1. **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 not less than 48 hours before the Meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 7th July, 2008 to 9th July, 2008 (both days inclusive).

The dividend, if declared, will be paid on or after 15th July, 2008 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 9th July, 2008. 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.

3. 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 1st July, 2008 directly to the Company's Share Transfer Agent, M/s. Intime Spectrum Registry Limited, 211 Sudarshan Complex, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009.

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



CARNATION NUTRA-ANALOGUE FOODS LIMITED

NOTICE

4. 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 to 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.

5. Members holding shares in physical form are requested to intimate Registrar and Transfer Agent of the Company viz., Intime Spectrum Registry Limited, 211 Sudarshan Complex, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009, 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.
6. 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.

REQUEST TO THE MEMBERS :

1. Members desiring to have 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.



CARNATION NUTRA-ANALOGUE FOODS LIMITED

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 31st March, 2008.
Dr. Ganesh N. Nayak (Director)	Dr. Ganesh N. Nayak is an Executive Director of Cadila Healthcare Limited [CHL], spearheads the international operations of the group. He also oversees the Joint Venture Companies and Consumer Products Business of CHL. He is associated with Zydus Cadila Group since 1977, having experience of more than 30 years. 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 and 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 and Business Administration from the Belford University, USA.	Other Directorship: <ol style="list-style-type: none"> 1. Zydus Animal Health Limited 2. Liva Healthcare Limited Member of Audit Committee of the following Companies: <ol style="list-style-type: none"> 1. Carnation Nutra – Analogue Foods Limited 2. Zydus Animal Health Limited
Mr. Manubhai K. Patel (Director)	He is a Chartered Accountant, having rich experience of accounts, finance, taxation and Company Law. He is working as Chief Financial Officer in Cadila Healthcare Limited for 29 years.	Other Directorship: <p>Dialforhealth Unity Limited</p>



CARNATION NUTRA-ANALOGUE FOODS LIMITED

DIRECTORS' REPORT

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

Your directors have pleasure in presenting their **FOURTEENTH** Annual Report of the Company along with the Audited statement of accounts for the year ended 31st March, 2008. The summarised financial results are given below.

SUMMARISED FINANCIAL HIGHLIGHTS :

Particulars	Rupees in thousands		Growth in %
	2007-08	2006-07	
Sales and Other Income	579041	438071	32.18
Profit before Interest, Depreciation & Tax	78776	51629	52.58
Less : Interest	1200	95	1263.18
Depreciation	7258	4239	71.22
Provision for Tax	24770	23399	5.86
Profit after Interest, Depreciation & Tax	45548	23896	90.61
Add: Depreciation written back	—	18820	
B/F Surplus in Profit & Loss A/c	76084	44390	
Profit available for Appropriation	121632	87106	39.64
Proposed Dividend	5575	5575	
Dividend Tax	947	947	
Amount transferred to General Reserve	5500	4500	
Balance carried to Balance Sheet	109610	76084	

For the year ended on 31st March, 2008, the sales and other income of the Company have increased by 32.18 % and was Rs. 579041 thousands compared to Rs. 438071 thousands in the previous year. Profit before Interest, Depreciation & Tax increased to Rs. 78776 thousands compared to Rs. 51629 thousands in the previous year. The profit after interest, depreciation and tax increased to Rs. 45548 thousands compared to Rs. 23896 thousands in the previous year.

DIVIDEND :

The Board is pleased to recommend a dividend of 10 % (Re. 1/- per equity share) for the year 2007-08, 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 :

The Company is spending huge money on building brand image of its products. Further, the Company has also strengthened its distribution network. Looking to the market acceptance of the products of the Company, the Company has increased its production capacity and also developed technology. In view of these measures taken, the Company will achieve better turnover in the coming years. However, due to continuous increase in the prices of input cost, there will be some impact on the profit margin of the Company.



CARNATION NUTRA-ANALOGUE FOODS LIMITED

DIRECTORS' REPORT

FIXED DEPOSITS :

The Company has not accepted any deposits from the public.

DIRECTORS :

Dr. Ganesh N. Nayak and Mr. Manubhai K. 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 recommends their appointment by the members.

In accordance with the stipulation under Clause 49 of the Listing Agreement, brief resume of Dr. Ganesh N. Nayak and Mr. Manubhai K. 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.

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, 2008 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 2008;
- 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 with Section 292A of the Companies Act 1956 and the Listing Agreement, an audit committee consisting of 3 independent directors has been formed.

A certificate from KANHA ASSOCIATES, Practicing Company Secretaries, regarding compliance of the conditions stipulated under clause 49 of the Listing Agreement is attached to the Corporate Governance report.

**CARNATION NUTRA-ANALOGUE FOODS LIMITED****DIRECTORS' REPORT**

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC. :

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 have been provided in the Annexure to this report.

PARTICULARS OF EMPLOYEES :

There was no employee drawing remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956, and Companies (Particulars of Employees) Rules, 1975 and therefore not applicable to the Company.

ACKNOWLEDGEMENTS :

Your Directors wish to place on record their deep sense of appreciation for the contribution made by the employees at all levels enabling the company to achieve a satisfactory performance during the year under review.

Your Directors also take this opportunity to place on record the co-operation and continued support extended by the Banks, Government Authorities and Shareholders during the year under review.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place : Ahmedabad.

Date : 28th April, 2008

MUKESH M. PATEL

CHAIRMAN

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CARNATION NUTRA-ANALOGUE FOODS LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

Additional information as required under the Companies (Disclosures in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY**(a) Energy Conservation measures taken:**

- Several energy conservation steps were initiated at the manufacturing site such as reduction in lighting load, rationalization in running hours of non-critical equipments, improvement of power factor, etc.
- Noise level at various work places is routinely measured. Necessary noise reduction measures are initiated to keep the noise levels within acceptable limits.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy : No**(c) Impact of measures taken:**

The adoption of energy conservation measures indicated above has resulted in savings of extra cost and has brought awareness amongst employees.

FORM A – FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Unit of Measure	2007-08	2006-07
A. Power and Fuel Consumption :			
1. Electricity :			
(a) Purchased :			
Units	Nos.	1001158	785408
Total Amount	Rs.	4804892	3703259
Rate/Unit	Rs.	4.79	4.71
(b) Own Generation:			
Through Diesel Generator :			
Units	Nos.	4548 units (1516 lit Diesel consumed)	3600 units (1200 lit Diesel consumed)
Units per lt. Of Diesel oil	Nos.	3	3
Cost/Unit	Rs.	12	10
2. Others/Internal Generation :			
Solid Fuel (wood) :			
Quantity	Kgs.	420,378	511,105
Total Cost	Rs.	840,756	860,486
Rate/Unit	Rs.	2.00	1.65
B. Consumption per unit of production :			
Product / unit		Margarine / ton 6349	Margarine / ton 5203
Electricity consumed	Nos.	0.1577 KWh	0.151 KWh