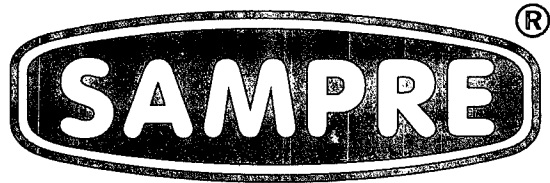


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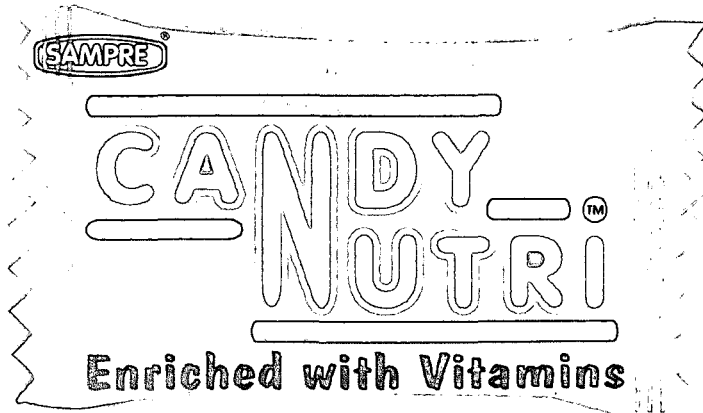
SAMPRE NUTRITIONS LTD

SIXTEENTH ANNUAL REPORT
2006-2007

CANDY FILLED WITH HEALTH



Developed in Association with
MICRONUTRIENT INITIATIVE, CANADA



FIRST TIME IN INDIA

SIXTEENTH ANNUAL REPORT

BOARD OF DIRECTORS

SRI B K GURBANI	:	<i>Chairman and Managing Director</i>
SMT MEERA B GURBANI	:	<i>Director</i>
MS SARITHA B GURBANI	:	<i>Director</i>
SRI HARANAM R BHATIJA	:	<i>Director</i>
SRI B JAYAPRAKASH REDDY	:	<i>Director</i>
SRI ANIL SIDHANI	:	<i>Additional Director (w.e.f 30.07.2007)</i>
SRI T V N PRASAD	:	<i>Director (up to 09.02.2007)</i>

AUDITORS

M Sessa Rao & Co.
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 Estates,
Medchal-500 401, Ranga Reddy Dist
Andhra Pradesh.
Phone: 08418 22427/28
Fax: 08418 22429

REGISTERED OFFICE

100, Sarojini Devi road,
Secunderabad – 500 003
Andhra Pradesh, INDIA
Phone: 040-27846320, 27841778
Fax: 040-27813931
E-Mail: grbani@satyam.net.in
Website: www.gurbanigroup.com

REGISTRARS & TRANSFER AGENTS

BIG SHARE SERVICES PRIVATE LIMITED
G-10, Left Wing, Amrutha Ville, Opp
Yashoda Hospital,
Somajiguda Raj Bhavan Road,
Hyderabad – 500 082.

LISTING AT

Bombay Stock Exchange Limited
The Hyderabad Stock Exchange Limited

NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the members of the company will be held on **SATURDAY, 29TH SEPTEMBER, 2007** at **10.00 AM** at Lions Club Conference Hall, LIC Building, 2nd Floor, Paradise Circle, Secunderabad, Andhra Pradesh to transact the following items of business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 and Profit & Loss Account for the financial year ended on that date together, with the report of the Board of Directors and Auditors thereof.
2. To appoint a director in place of Smt Saritha B Gurbani who retires by rotation and expressed her unwillingness for re-appointment.
3. To appoint auditors to hold the office from conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS:

4. TO APPOINT SRI ANIL SIDHANI AS DIRECTOR OF THE COMPANY:

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

"RESOLVED THAT Pursuant to the provisions of Section 257 and all other applicable provision, if any, of the Companies Act, 1956 Sri Anil Sidhani who was co-opted as an Additional Director by the Board at their meeting held on 30th July, 2007 and who holds office as such up to the date of this Annual General Meeting and in respect of whom a notice under section 257 of the Companies Act, 1956 has been received in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the company liable to retire by rotation."

5. TO APPOINT SRI GEORGE KURIAN AS A DIRECTOR OF THE COMPANY:

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

"RESOLVED THAT Pursuant to the provisions of Section 257 and all other applicable provision, if any, of the Companies Act, 1956 Sri George Kurian, in respect of whom a notice under section 257 of the Companies Act, 1956 has been received in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the company liable to retire by rotation."

For and on behalf of the Board

Sd/-

B K GURBANI

Chairman and Managing Director

Place : Hyderabad
Date : 28th August, 2007

NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy in order to be effective must be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
- 2) An Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto
- 3) The Register of Members and Share Transfer Books of the Company will remain closed from **TUESDAY 25th SEPTEMBER, 2007 to SATURDAY 29th SEPTEMBER, 2007** (both days inclusive).
- 4) Members are requested to quote ledger folio number in all their correspondence to avoid delay in communication.
- 5) Members are advised to consolidate their ledger folios where they are holding shares in different folios in the same name.

EXPLANATORY STATEMENT

(Pursuant to section 173(2) of the Companies Act, 1956)

ITEM NO.4

APPOINTMENT OF SRI ANIL SIDHANI AS DIRECTOR OF THE COMPANY:

Company proposed to broad base the board for better governance and to comply with Clause 49 of the Listing Agreement; the Board of Directors of the Company appointed Sri Anil Sidhani as Additional Director of the company at their meeting held on 30th July, 2007 and he will hold office up to the date of this Annual General Meeting.

Due to his vast experience, the Board feels his appointment as a director of the company will immensely benefit the company. Further the company has received a notice in writing from a member along with the deposit of Rs.500/- under section 257 of the Companies Act, 1956.

Pursuant to provisions of Section 257 of the Companies Act, 1956 any appointment of director requires the approval of the members in their meeting, hence this resolution commended for your approval.

None of the Directors is interested in this resolution.

ITEM NO. 5 :

APPOINTMENT OF SRI GEORGE KURIAN AS DIRECTOR OF THE COMPANY

Company is in receipt of special notice of under section 257 of the Companies Act 1956, proposing candidature Mr. Geoege Kurian for the post of the Director of the Company. Considering his vast experience in confectionary industries, Board recommend his appointment and is of opinion of the Board, it would further professionalise Board.

Pursuant to provisions of Section 257 of the Companies Act, 1956, appointment of the Director and requires the approval of the members in their meeting, hence this resolution commended for your approval.

None of the Directors is interested in this resolution.

For and on behalf of the Board

Sd/-

B K GURBANI

Chairman and Managing Director

Place : Hyderabad

Date : 28th August, 2007

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting herewith the 16th Annual Report of Company together with the Audited Accounts for the financial year ended 31st March, 2007

FINANCIAL RESULTS:

(Rs. in lakhs)

PARTICULARS	YEAR ENDED 31.03.2007	YEAR ENDED 31.03.2006
Income Received	1040.95	547.89
Expenditure	960.82	472.58
Profit before depreciation and Income tax	80.13	75.31
Depreciation	54.63	51.85
Net profit before tax	25.50	23.46
Provision for taxation		
a. Current tax	14.80	14.73
b. Deferred tax	(3.68)	(5.45)
Profit after tax	14.38	14.18
Provision for Dividend and Dividend tax	0	0
Profit before transfer to General Reserve	14.38	14.18
Brought forward from previous year	154.80	140.62
Transfer to General Reserve	-	-
Balance carried to balance sheet	169.19	154.80

OVERALL PERFORMANCE OF THE COMPANY:

During the year the Company has a net turnover of Rs. 1040.95 Lakhs as compared to Rs. 547.89 Lakhs during the last financial year. The net profit of the Company has increased to Rs. 25.50 lakhs from Rs. 23.46 Lakhs in the previous year. In spite of the increase in turnover, the net profit of the Company is not increased due to heavy expenditure in raw material and other expenses.

DIVIDEND

Your Directors do not recommend any Dividend for the financial year 2006-2007 as the profits are planned to be ploughed back into the business operations.

DIRECTORS:

1. Ms. Saritha B Gurbani, retire by rotation at the ensuing Annual General Meeting and expressed her unwillingness for re-appointment as a Director due to her pre occupation.
2. Sri Anil Sidhani who was co-opted as additional director on the board at its meeting held on 30th July, 2007 who holds office as such up to the date of Annual General Meeting and on receiving a

notice proposing his candidature for office of director, he is appointed as director of the company who is eligible to retire by rotation.

3. Company has in receipt of special notice under section 257 of the Companies Act 1956, for nominating Mr. George Kurian as a Director of the Company. Same is been put before you for approval.

PERSONNEL:

None of the Employees of the Company is drawing remuneration exceeding limits prescribed U/s 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 the directors of your company hereby confirm that:

- i. In preparation of annual accounts for the financial year ended 31st March, 2007 the applicable accounting standards have been followed along with proper explanation relating to material departure, if any, there from;
- ii. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2007 and of the profit and loss of the company for that period;
- iii. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- iv. The directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

A) REPORT ON CORPORATE GOVERNANCE:

Report on Corporate Governance including Auditor's Certificate on Compliance with the code of Corporate Governance under Clause 49 of the listing agreement is enclosed as **Annexure – II** to this report.

B) MANAGEMENT DISCUSSION & ANALYSIS REPORT:

Aspects of Management Discussion and Analysis are enclosed as **Annexure - I** to this report.

AUDITORS:

M/s Sessa Rao & Co Chartered Accountants, the Auditor of your Company who retires at the conclusion of the ensuing Annual General Meeting and expressed their unwillingness for re-appointment due to pre occupation.

Company has received letter from M/s. Yadav Pujara & Shah, Chartered Accountant, that if appointed at the ensuing Annual General Meeting as statutory auditors their appointment will be in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956.

SAMPRE NUTRITIONS LIMITED

REPLY TO AUDITORS OBSERVATION :

With regards to the Auditors observation for non payment to statutory dues on time, board would like to inform that it was short term delay of the Company and the same has been taken care.

SUSPENSION OF TRADING :

Suspension of script of the Company is due to non compliances of listing agreement. Company has complied with all the listing compliances and the matter is pending before listing committee of the Bombay Stock Exchange Ltd., and your Directors are hopeful that the trading in the shares of the Company will be resumed shortly.

FIXED DEPOSITS:

Your company has not accepted any deposits falling under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules 1975 during the year.

PUBLIC DEPOSITS:

During the year under the review the company has neither invited nor received any deposits from the public.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

As required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the information is annexed hereto.

Foreign Exchange Earnings & Outgo: (In Rs.)

	2006-07	2006-05
Foreign Exchange earnings	NIL	NIL
Foreign Exchange outgo	NIL	NIL

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to place on record their gratitude for the continued support received from valued customer – Cadbury India Limited, Himalaya Drug Company, The Micro Nutrient Initiative, Dabur, etc. 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.

Your 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

Sd/-

B K GURBANI

Chairman and Managing Director

Place : Hyderabad

Date : 28th August, 2007

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 (2006-07)	Previous Year (2005-06)
A. Power and Fuel Consumption			
1. Electricity			
(a) Purchased			
Units	KWH	627704	565293
Total Amount	Rs.	2541266	1955914
Rate / Unit	Rs/KWH	4.05	3.46
(b) Own Generation			
(i) Through diesel generation			
Units	KWH	17354	41640
Quantity	Lit.	52063	-
Total Amount	Rs.	1822204	-
Units per lts of diesel oil	KWH/Lit	3.00	3.00
Cost / Units	Rs/KWH	11.66	10.20
(ii) Through steam turbine generation	-	-	-
2. Firewood			
(used for generation of steam in boiler)			
Quantity (tonnes)	-	366.64	-
Total Cost	Rs.	586624	-
Average Rate / Ton	Rs.	1600	-
3. Furnace Oil			
Quantity	Litres	193496	190562
Total Amount	Rs.	4353669	4764050
Average Rate	Rs/Ltr	22.50	25.00
4B. Consumption per unit of production			
Product (with details) total inKgs.		2983279	1768119
Electricity	KWH	0.85	1.11
Furnace Oil	Litres	1.46	2.69
Diesel	Litres	0.61	-
Firewood	Kg.	0.2	-

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Scenario

Indian confectionery industry is witnessing steady growth and value addition. The buoyant economic conditions will certainly accelerate the growth.

Strengths

In this context company efforts to utilize its manufacturing capacities have given results. The company is also planning to set-up its own sales and marketing distribution net-work to market SAMPRE brand in addition to conversion.

The company is pleased to announce its initiative on setting up sales and distribution net work and in the first phase would concentrate in South India and later rest of India. This would facilitate building of SAMPRE brand and also give the company substantial margin and utilize the capacities available. In addition to purchasing Raw materials at a competitive price and reduce the cost of product to ensure that the company's products are sold with reasonable margin.

Your Directors are pleased to inform you that the company is out sourcing for reputed companies like Cadbury and Himalaya and the volumes are on the increase.

Threats and risks

In an intensive competitive scenario and increase in raw material and packaging material costs, there is no scope for increase in unit sale price. The margins are continued to be under pressure. The company is exercising utmost caution and attention to reduce the cost of production to ensure the company products are sold with reasonable margin.

Product performance

During the year under review your company has reached a turn over of Rs.8.17 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.1.90 crores as against Rs.2.57 crores last year.

Exports

Your company is continuing to explore the possibilities of exporting its products.

Prospects

Your company is pleased to announce that increase volumes will come from existing 3rd party manufacturers and negotiations are also in progress with new customers. As the company is setting up its own sales and Marketing to launch its own

Sampre Brand in south India and later extend to All India which will generate volumes while benefiting the company in utilizing the capacity and bring down the cost of manufacturing and increase overall productivity of the company.

Your company is first launch candy with minerals and vitamins in the Brand name of Candy nutri the response form market is quite encouraging it is bound to gain substantial market share

Internal control systems and their adequacy

The company has established proper internal control systems on inventory and production process and the same is constantly reviewed and improvements are done wherever it is necessary. This will facilitate in increasing productivity.

Material Development in Human Resources

The company is pleased to inform that it has brought in qualified professionals with proven track record to strengthen company's operations in each department. This will certainly facilitate to meet the challenges in a growing competitive business environment.

REPORT ON CORPORATE GOVERNANCE

The following are the details furnished in the form as required under the Listing Agreement.

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The Directors of the Company are of the firm belief that the company can reach to the peak of success only by following good managing principles and by implementing them in a systematic manner. The company has always had good cordial relations with the shareholders, investors, creditors and the directors are ever ready to work towards the benefit of members.

2. BOARD OF DIRECTORS:

During the financial year 2006-07, 07 (Seven) Board Meetings were held on the following dates:

28.04.2006	29.06.2006	26.07.2006	02.09.2006
19.09.2006	31.10.2006	29.01.2007	

The Board of Directors of your company consists of three independent non-executive directors and one promoter executive directors and two promoter non executive directors

Attendance of each director at the Board meeting and last Annual General Meeting (AGM) and the number of Companies and committees where he is Director / Member (as on the date of Directors Report.

Sl. No.	Name of the Director	Category	Attendance 30.09.2006	Attendance in Board Meeting		Other Boards		
				Held	Attended	Directorship	Committee Chairmanship	Committee Membership
1.	B K GURBANI	Chairman & Managing Director	YES	7	5	6		
2.	MEERA B GURBANI	Promoter Non-Executive Director	YES	7	4	3		
3.	SARITHA B GURBANI	Promoter Non-Executive Director	YES	7	2	4		
4.	HARANAM R BHATIJA	Non-Executive Independent Director	YES	7	6	3		
5.	B JAYAPRAKASH REDDY	Non-Executive Independent Director	YES	7	5	1		
6.	T V N PRASAD (Upto 9th February, 2007)	Non-Executive Independent Director	NO	7	4	-		
6.	ANIL SIDHANI (From 30th July, 2007)	Non-Executive Independent Director	NO	7	-	-		

Additional information on Directors retiring by rotation and seeking re-appointment at the Annual General Meeting in terms of Clause 49 of the Listing Agreement

ANIL SIDHANI

Mr. Anil Sidhani has eighteen years experience in engineering and confectionary industries. For past twelve years he is engaged in confectionary industries with expertise on production and quality control.

Mr. GEORGE KURIAN

Mr. George Kurian is a post graduate in Microbiology with proficiency course in Genetic Engineering. He has 24 years of rich varied experience in Pharmaceutical/Confectionary Industry, majority of which has been with reputed Multinational Company viz. M/s. Astra IDL, Parke-Davis Limited & Pfizer and well known Indian Companies like Gland Pharma Limited & M/s. Dabur Pharmaceutical Limited. He has worked in the field of Quality Control and pharma and confectionary production. He has headed training department of contract manufacturing division for "Halls" brand.

3. AUDIT COMMITTEE:

Audit Committee of your company as on date consists of following three Non-executive independent Directors:

- | | | | |
|----|-------------------------|---|----------|
| 1. | Mr. B Jayaprakash Reddy | - | Chairman |
| 2. | Mr. Harnam R Bhatija | - | Member |
| 3. | Mr. Anil Sidhani | - | Member |

Meetings and attendance during the year:

The committee met five times during the financial year on 28.04.2006, 29.06.2006, 26.07.2006, 31.10.2006, 29.01.2007 attendance of each Member of Committee is as follows.

Sl. No.	Name of the Member	Designation	No. of Meetings held during the year	No. of Meetings attended
1.	Mr. B. Jayaprakash Reddy	Chairman	5	4
2.	Ms. Saritha B Gurbani	Member	5	2
3.	Mr. Harnam R Bathija	Member	5	5
4.	Mr. Anil Sidhani (w.e.f. 30.07.07)	Member	-	-

BROAD TERMS OF REFERENCE:

The broad terms of reference are:

- (a) Reviewing with the management the internal control systems, observations of the auditors, half-yearly and annual financial statements before submission to the Board.
- (b) Recommendation of matters relating to financial management and audit reports;
- (c) The Committee is authorized to investigate into matters referred /delegated to it by the Board and, for this purpose, has full access to information / records of the Company including seeking external professional support, if necessary.

4. REMUNERATION COMMITTEE

• **Brief description of terms of reference**

The Remuneration Committee is vested with the power to decide and pay to the Executive and Non-Executive directors of the Company. This power is exercisable on behalf of the Board of Directors and the Shareholders.

• **Composition-name of members and Chairperson**

The Remuneration Committee constitutes of following directors:

- 1. Mr. B Jayaprakash Reddy - Chairman
 - 2. Mr. Harnam R Bhatija - Member
 - 3. Mr. Anil Sidhani - Member
- w.e.f. 30.07.2007

DETAILS OF THE DIRECTORS' REMUNERATION:

Director	Designation	Remuneration paid/to be paid for Financial Year 2006-07 (in Rs.)		
		Salary & Perks	Commission	Total
B K GURBANI	Chairman & Managing Director	4,20,000	NIL	4,20,000

Further none of the Non-Executive Directors holds any shares in the Company.

5. SHAREHOLDERS AND INVESTOR GRIEVANCE COMMITTEE

Composition of Shareholder and Investor Grievance Committee is as follows:

- 1. Ms. Meera B Gurbani - Chairman
- 2. Mr. B Jayaprakash Reddy - Member

The committee specifically looks after the services of the Registrars and share transfer agents and recommends measures for providing efficient services to investors. It shall resolve within the reasonable time, various complaints received from the investors.

6. OTHERS:

(a) **Name and designation of Compliance officer:** **B K GURBANI**
Chairman & Managing Director

(b) **Details of Investor complaints received and redressed during the year:**

Year 2006 – 07

Nature of Complaints	Received	Resolved	Pending
Total Complaints	8	8	NIL

7. GENERAL BODY MEETINGS:

- Location and time where the last three AGMs held:**

Year	Date	Location	Time (A.M.)
2005-06	30th September, 2006	Lions Club Conference Hall, LIC Building, 2 nd Floor, Paradise Circle Secunderabad - 500 003.	10.30
2004-05	29th September, 2005	Lions Club Conference Hall, LIC Building, 2 nd Floor, Paradise Circle Secunderabad - 500 003.	10.30
2003-04	30th September, 2004	Lions Club Conference Hall, LIC Building, 2 nd Floor, Paradise Circle Secunderabad - 500 003.	10.30

No Special Resolutions were passed through postal ballot at the Last Annual General Meeting (AGM).

8. Disclosures:

There are no materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.

There was no non-compliance by the company during the last 3 years on any matter relating to capital markets and there were no penalties, strictures imposed on the company by stock Exchange or SEBI or any statutory authority.

9. Means of Communication:

- Quarterly results:

Quarterly results and Annual Results of the Company are normally published in Telugu & English Newspaper.

As required by Clause 49 of the Listing Agreement, Management Discussion and Analysis report is a part of the Annual Report.

10. General Shareholder Information:

★ **AGM:**

The 16th Annual General Meeting of the Company will be held on **29TH SEPTEMBER, 2007** at 10.00 A.M at Lions Club Conference Hall, LIC Building, 2nd Floor, Paradise Circle, Secunderabad, Andhra Pradesh.

★ **Financial Calendar:**

First Quarter Results	Last week of July, 2007
Second Quarter Results	Last week of October, 2007
Third Quarter Results	Last week of January, 2008
Annual Results For The Year	In the month of July, 2008

★ **Book Closure Date :**

TUESDAY, 25th SEPTEMBER, 2007 to SATURDAY, 29th SEPTEMBER, 2007 (both days inclusive)

★ **Listing on Stock Exchanges:**

The shares of the company are listed on

- Bombay Stock Exchange Limited
- The Hyderabad Stock Exchange Limited

Listing fee for the financial year 2007-08 has been paid to Bombay Stock Exchange Limited and Hyderabad Stock Exchange Limited. Trading in the shares of the company was suspended by BSE due to some non-compliance. Company is in process of complete all the formalities for revocation of suspension.

★ **Scrip Code**

BSE - Code : 530617

ISIN No. for NSDL & CDSL : INE375C01014

★ **Registrar and Transfer Agents:**

M/s. Big Share Services Private Limited
G-10, Left Wing, Amrutha Ville, Opp
Yashoda Hospital, Somajiguda,
Raj Bhavan Road, Hyderabad-500 082.

★ **Market Price Data:**

During the last financial year 2006-07.

High and Low of the each month of the Company's Equity Shares during the last financial year 2006-07 at Bombay Stock Exchange Limited are given below:

Month	Bombay Stock Exchange Limited	
	High (Rs.)	Low (Rs.)
April, 2006	11.69	8.50
May, 2006	11.37	8.15
June, 2006	8.25	6.00
July, 2006	11.25	5.86
August, 2006	8.50	6.94
September, 2006	7.27	5.95

* Script under suspension w.e.f 20th September, 2006

SHAREHOLDING PATTERN AS ON 31ST MARCH 2007:

S.No.	Category	No. of Shares Held	% of Shareholding
1.	Indian Promoters	2525584	52.4
2.	Persons acting in Concert	-	-
3.	Mutual Funds & UTI	-	-
4.	Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions / Non-Govt. Institution)	-	-
5.	FII's	-	-
6.	Private Corporate Bodies	150304	3.12
7.	Indian Public	1771657	38.83
8.	NRI's / OCB's	256500	5.32
9.	Others	15955	0.3
	TOTAL	4820000	1000.00

DISTRIBUTION OF SHAREHOLDING:**Distribution of Shareholding as On 31st March, 2007**

Sl. No.	Category			Total Holders	% of Total Share Holders	Total Holding in Rupees	% of Total Capital
	From Rs.	-	To Rs.				
1.	Upto	-	5000	2614	77.00	742377	15.40
2.	5001	-	10000	442	13.02	386679	8.02
3.	10001	-	20000	175	5.15	280756	5.82
4.	20001	-	30000	53	1.56	139096	2.89
5.	30001	-	40000	31	0.91	114479	2.38
6.	40001	-	50000	29	0.85	128893	2.88
7.	50001	-	100000	32	0.94	227449	4.72
8.	100001	and	above	19	0.56	2790271	57.89
	TOTAL			3395	1000.00	4820000	100.00

- Dematerialization of shares and liquidity:**

The Shares of the Company are under compulsory demat trading. The Company has already entered into necessary agreements with NSDL and CDSL for demat facility.

79.30% of total equity capital of the Company is held in dematerialization form with NSDL and CDSL as on 31st March, 2007.

- Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:** Nil

- Address for correspondence for both physical and demat:**

Mr. Dharmaveer, Branch Manager
M/s. Big Share Services Private Limited
G-10, Left Wing, Amrutha Ville, Opp: Yashoda Hospital,
Somajiguda, Raj Bhavan Road, Hyderabad -500 082.
Phone : 040-23227917, Fax : 040-23374967

DECLARATION OF THE MANAGING DIRECTOR ON COMPLIANCE WITH CODE OF CONDUCT AND ETHICS:

SAMPRE NUTRITIONS LIMITED has adopted a Code of Business Conduct and Ethics ("the Code") which applied to all employees and director of the company. Under code, it is responsibility of all employees and Directors to familiarize themselves with the Code and Comply with its standards.

I hereby certify that the Board Members and senior management personnel of Sampre Nutritions Limited have affirmed compliance with the Code for the Financial Year 2006-07.

Sd/-

B K GURBANI

Chairman and Managing Director

Place : Hyderabad

Date : 28th August, 2007

REPORT ON CORPORATE GOVERNANCE

AUDITOR'S REPORT ON CORPORATE GOVERNANCE

To,

The Members

M/s. **Sampre Nutritions Limited**

We have examined the compliance of conditions of Corporate Governance by M/S. **Sampre Nutritions Limited** for the financial year ended 31st March, 2007 as stipulated in Clause 49 of the Listing Agreement of the said company with Stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the Company for insuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of Investor grievances received during the year ended 31st March, 2007 no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company

Place : Hyderabad

Date : 28th August, 2007

Sd/-

M SESHARAO

Chartered Accountant

AUDITOR'S REPORT

The Members of **M/s. SAMPRE NUTRITIONS LIMITED**

1. We have audited the attached balance sheet of **M/s. SAMPRE NUTRITIONS LIMITED** as at **31st March 2007**, the profit and loss account for the year ended on that date annexed thereto, its cash flow statement for this year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (including all amendments thereafter) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet, and profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2007;
 - (b) in the case of the profit and loss account, of the profit for the year ended on that date.
 - (c) in the case of the cash flow statement, of the cash flow of the Company for the year ended on that date.

For M. Sessa Rao & Co.
Chartered Accountants

Sd/-

M. SSHA RAO

Proprietor

Member Ship No. : 022425

Place : Hyderabad
Date : 28th August, 2007

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 3 of our report of even date,

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) No Fixed Assets were disposed off during the year, therefore, do not affect the going concern status of the company.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured to and from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the clauses 4 (iii) (b) to (d) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) As per the Company Secretary and according to the information and explanations given to us, there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly, the clause 4(v)(b) of the order is not applicable.
- (vi) In our opinion and according to the information and explanations given to us, compliance with the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public, is not applicable, since the company has not accepted any deposits from public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of activities carried out by the company.

SAMPRE NUTRITIONS LIMITED

- (ix) (a) The company is generally been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March 2007 for a period of more than six months from the date they became payable. However there were delays in paying P.F., E.S.I. and T.D.S. dues on time.
- (c) According to the information and explanation given to us, there are no dues of sale tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute, except for sales tax demand of Rs. 13.06 lakhs for A.Y. 2003-04 and for income tax for Rs. 18.23 lakhs for A.Y. 2004-05 the matter against which is under appeal.
- (x) The company does not have accumulated losses as at the end of the financial year and has not incurred cash losses in the current financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution, bank or debenture holders.
- (xii) In our opinion and according to the information and explanations given to us the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence clause 4(xii) of the order is not applicable.
- (xiii) In our opinion, the company is not a chit fund or a *nidhi*/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) The company has not issued any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment, No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. Accordingly Clause 4(xviii) of the order is not applicable.

- (xix) According to the information and explanations given to us, the company has not issued any debentures. Accordingly Clause 4(xix) of the order is not applicable.
- (xx) The company has not raised any money by public issue during the year. Accordingly Clause 4(xx) of the order is not applicable.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For M. Sessa Rao & Co.
Chartered Accountants

Sd/-

M. SESHARAO

Proprietor

Member Ship No. : 022425

Place : Hyderabad
Date : 28th August, 2007

SAMPRE NUTRITIONS LIMITED**BALANCE SHEET AS AT 31ST MARCH 2007***(AMOUNT IN RUPEES)*

PARTICULARS	SCH. No.	AS AT 31.03.2007		AS AT 31.03.2006	
I. SOURCES OF FUNDS					
A. SHARE HOLDERS FUNDS					
a. Share Capital	1	48200000		48200000	
b. Reserves & Surplus	2	<u>22119081</u>	70319081	<u>20680208</u>	68880208
B. LOAN FUNDS					
a. Secured Loans	3	38287633		31700640	
b. Unsecured Loans	4	<u>-</u>	38287633	<u>-</u>	31700640
E. DEFERRED TAX LIABILITY					
	5		7955174		8323576
TOTAL			<u><u>116561888</u></u>		<u><u>108904424</u></u>
II. APPLICATION OF FUNDS					
A. FIXED ASSETS					
a. Gross Block	6	116030119		106437705	
b. Less : Depreciation		<u>48623532</u>		<u>43160589</u>	
c. Net Block			67406587		63277116
C. CURRENT ASSETS, LOANS & ADVANCES					
a. Inventories	7	22493782		25208241	
b. Sundry Debtors	8	31895052		3629375	
c. Cash & Bank Balances	9	1193270		286665	
d. Loans & Advances	10	31623606		31267811	
SUB-TOTAL(C)		<u>87205710</u>		<u>93056468</u>	
D. Less: Current Liabilities & Provisions	11	<u>38050409</u>		<u>47429160</u>	
SUB-TOTAL(D)		<u><u>38050409</u></u>		<u><u>47429160</u></u>	
NET CURRENT ASSETS (C-D)			49155301		45627308
F. MISCELLANEOUS EXPENDITURE					
(To the extent not written off or adjusted)	12		-		-
TOTAL			<u><u>116561888</u></u>		<u><u>108904424</u></u>
Significant Accounting Policies	18				
Notes on Account	19		(0)		
Balance Sheet Abstracts and Company Profile	20				

(Schedules 1 to 20 form an integral part of Accounts)

As per our Report attached**For and on Behalf of the Board**

For M SESHARAO & CO.

Chartered Accountants

Sd/-

(M SESHARAO)

Proprietor

Place : Hyderabad

Date : 28th August, 2007

Sd/-

(SARITAB GURBANI)

Director

Sd/-

B K GURBANI

Chairman & Managing Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2007

(AMOUNTS IN RUPEES)

PARTICULARS	SCH. No.	AS AT 31.03.2007	AS AT 31.03.2006
A. INCOME			
a. Sales		81705624	28266737
b. Processing charges		19013144	25780583
c. Miscellaneous Income	13	3376740	742655
TOTAL - A		<u>104095509</u>	<u>54789975</u>
B. EXPENDITURE			
a. Manufacturing Expenses	14	76746501	30771258
b. Administrative, Selling and Distribution Expenses	15	13362065	7999446
c. Interest	16	5081961	4528688
d. Depreciation	6	5462943	5185434
		<u>10065370</u>	<u>48484826</u>
e. Increase or/(Decrease) in Work-in Process & Finished Goods	17	(891569)	(3959459)
TOTAL - B		<u>101545039</u>	<u>52444285</u>
Profit before tax		2550470	2345690
Provision For Tax - Current Year		1480000	859930
Profit after tax		1070470	1485760
Less: Income Tax & Other Items		-	612675
Balance Profit after Income Tax		1070470	873085
Add: Profit brought forward from Previous Year		15480208	14062075
Profit available for appropriation		16550679	14935160
Add (Less) : Deferred Tax Adjustments		368402	545048
Surplus carried to Balance Sheet		16919081	15480208
Basic and diluted Earning per Share		0.22	0.18

(Schedules 1 to 20 form an integral part of Accounts)

As per our Report attached
For M SESHARAO & CO.
Chartered Accountants

For and on Behalf of the Board

Sd/-
(M SESHARAO)
Proprietor
Place : Hyderabad
Date : 28th August, 2007

Sd/-
(SARITAB GURBANI)
Director

Sd/-
B K GURBANI
Chairman & Managing Director

SAMPRE NUTRITIONS LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007**

PARTICULARS	Year ended 31.3.2007	Year ended 31.3.2006
A Cash Flow from Operating Activities		
Net Profit before tax and Extraordinary items	25.50	23.45
<u>Adjustments for</u>		
Tax Provision	-14.80	-14.71
Depreciation	54.63	51.85
Other Income	-33.77	-7.43
Miscellaneous Expenditure (Amortised)	0.00	4.91
Total Adjustments	6.06	34.62
Operating profit before Working Capital Change	31.57	58.07
<u>Adjustments for</u>		
Current Assets	67.57	-78.08
Current Liabilities	-93.79	26.18
Net of Adjustments	-26.21	-51.90
Deferred Revenue Expenditure	-	-
Cash Flow before Extraordinary items	5.35	6.17
Extraordinary items	-	-
Net Cash from Operating Activities	5.35	6.17
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	-100.71	-1.38
Investment Application Money	-	-0.93
Other income	33.77	7.43
Net Cash Used in Investing Activity	-66.94	5.12
C Cash Flow from Financing activities		
Proceeds from issue of share capital	-	-
Share Premium	-	-
Borrowings (net)	65.87	-8.99
Dividend Paid	-	-
Net Cash from Financing Activities	65.87	-8.99
Net Increase / (Decrease) in Cash and Cash equivalents	4.28	2.30
Cash and Cash equivalents as at 1.4.2006	2.86	0.56
Cash and cash equivalents as at 31.3.2007	7.14	2.86

Signature Schedules 1 to 20

As per our Report attached
For M SESHARAO & CO.
Chartered Accountants

Sd/-
(M SESHARAO)
Proprietor

Place : Hyderabad
Date : 28th August, 2007

For and on Behalf of the Board

Sd/-
(SARITAB GURBANI)
Director

Sd/-
B K GURBANI
Chairman & Managing Director

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(AMOUNTS IN RUPEES)

PARTICULARS	AS AT 31.03.2007	AS AT 31.03.2006
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED CAPITAL		
60,00,000 Equity Shares of Rs.10/- each	60000000	60000000
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
4820000 Equity Shares of Rs.10/- each fully paid	48200000	48200000
	<u>48200000</u>	<u>48200000</u>
SCHEDULE - 2		
RESERVES & SURPLUS		
Profit & Loss Account	16919081	15480208
Share Premium	3700000	3700000
State Subsidy	1500000	1500000
	<u>22119081</u>	<u>20680208</u>
SCHEDULE - 3		
SECURED LOANS		
Loans Under Hire Purchase Schemes	700273	1394756
Term Loan from SBI	4500000	
Working Capital Term Loan - APSFC	-	3843911
Cash credit from - UTI	15398202	16186755
Cash credit from - SBI	17689158	10275218
	<u>38287633</u>	<u>31700640</u>
SCHEDULE - 4		
UNSECURED LOANS		
From Directors	-	-
From Others	-	-
	<u>-</u>	<u>-</u>
SCHEDULE-5		
DEFFERED TAX LIABILITY		
Deferred Tax Liability upto 31/3/2006	8323576	8868624
(Add)/Less: Adjustments during the year	368402	545048
	<u>7955174</u>	<u>8323576</u>

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule - 6
FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block		
	Rate	As At 01.04.06	additions	deductions	As At 31.03.07	upto 31.03.06	for the period	deductions during yr	total upto 31.03.07	As At 31.03.07	As At 31.03.06
Land		2124163	0	0	2124163	0	0	0	0	2124163	2124163
Buildings	3.34	26603451	1882824	0	28486275	8288720	915920		9209965	19276310	18314731
Office & canteen	1.63	2237920	0	0	2237920	416457	36478		452935	1784985	1821463
P&M	4.75	51445464	6485025	0	57930489	20387530	2607826		22995356	34935133	31057934
Air Conditioning	7.07	4238668	566000	0	4804668	3095093	306343		3401436	1403232	1143575
Electrical Equip	7.07	3362272	289775	0	3652047	2437433	241127		2678560	973487	924839
Furniture & Fittin	6.33	3718204	89792	0	3807996	2237481	236783		2474264	1333732	1480723
Laboratoty Equip	7.07	985692	0	0	985692	724355	69688		794043	191649	261337
Office equipment	7.07	1636689		0	1636689	871901	115714		987615	649074	764788
Vehicels	9.5	7846024	712922		8558946	3732923	801812		4534735	4024211	4113101
Generator	7.07	1592936	0	0	1592936	842987	112621		955608	637328	749949
Mis. Fixed Asstes	7.07	167898	44400	0	212298	125709	13306		139015	73283	42189
sub Total		105959381	10070738	0	116030119	43160589	5462943	0	48623532	67406587	62798792
Cap - work in progress		478324		0	0					0	478324
Total		106437705	10070738	0	116030119	43160589	5462943	0	48623532	67406587	63277116
Previous Year Figure		106299039	585087	446421	106437705	38068913	5185434	93758	43160589	63277116	

SAMPRE NUTRITIONS LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(AMOUNTS IN RUPEES)

PARTICULARS	AS AT 31.03.2007	AS AT 31.03.2006
SCHEDULE - 7		
INVENTORIES		
(As taken valued and certified by the Management)		
Finished Goods	3519917	4376356
Raw Materials	6461581	7058401
Packing Materials	11371612	12160202
Work - in - Process	324152	359282
Stores, Spares & Consumables	816520	1254000
	<u>22493782</u>	<u>25208241</u>
SCHEDULE - 8		
SUNDRY DEBTORS		
(Considered good, but unsecured)		
Debts due more than six month	9056425	3689299
Others	22838627	32604452
	<u>31895052</u>	<u>36293751</u>
SCHEDULE - 9		
CASH & BANK BALANCES		
Cash on Hand	314626	118620
Cash at Bank with Scheduled Banks in Current Accounts	878644	168045
	<u>1193270</u>	<u>286665</u>
SCHEDULE - 10		
LOANS & ADVANCES		
(Unsecured, Considered good, recoverable in cash or in kind or for value to be received)		
Deposits	3590395	3860595
Other Advances	28033211	27407216
	<u>31623606</u>	<u>31267811</u>
SCHEDULE - 11		
CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors (Non-SSI only)	23383951	23556928
Interest accrued from UTI, SBI & APSFC	458211	
Other Payables	14208247	23872232
	<u>38050409</u>	<u>47429160</u>
SCHEDULE - 12		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Public Issue Expenses	-	-
Deferred revenue expenditure - Opening Balance	-	491201
Add: Additions during the year	-	-
	-	491201
Less: Written-off during the year	-	491201
	<u>-</u>	<u>-</u>

SAMPRE NUTRITIONS LIMITED**SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT***(AMOUNTS IN RUPEES)*

PARTICULARS	AS AT 31.03.2007	AS AT 31.03.2006
SCHEDULE - 13		
MISCELLANEOUS INCOME		
Interest	114697	39078
Other misc. income	50452	-
Sundry Credit Balance Written back	3211591	703577
	<u>3376740</u>	<u>742655</u>
SCHEDULE - 14		
MANUFACTURING EXPENSES		
Electrical Maintenance	83374	98726
ESI Contribution	113304	158343
Plant & Machinery repairs/maintenance	999742	722581
Fuel & Power Consumption	9354986	10857472
P.F Contribution	247968	297947
Raw and Packing material consumption	56551514	14821528
Salaries & Wages	7560751	3185602
Stores, Spares and Consumables consumption	1017554	81803
Conveyance Expenses	-	38957
Transport Charges (Materials)	817308	508299
	<u>76746501</u>	<u>30771258</u>
SCHEDULE-15		
ADMINISTRATIVE SELLING AND DISTRIBUTION EXPENSES		
Advertisement Expenses	56412	97749
AGM Expenses	8726	7551
Auditors Remuneration	92550	90000
Bank Charges	971255	197142
Board Meeting Expenses	12000	1500
Bonus	67390	76744
Business Promotion Expenses	45667	448966
Conveyance	144427	463885
Commission on Consignment Sales	-	159055
Deferred Revenue exp. Written off	-	491201
Delivery Charges - Sales (Freight outward)	4366308	376176
Directors' Remuneration	420000	515000
Donations	-	10000
Electricity Charges	115456	86150
General Expenses	389818	275948
Gratuity	-	25200
Hire Purchase Charges	100658	170177
Insurance	437068	253387

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(AMOUNTS IN RUPEES)

PARTICULARS	AS AT 31.03.2007	AS AT 31.03.2006
Legal & Professional Charges	409758	302881
Office repair and maintenance	296279	127514
LIC	86041	-
Loss on Sale of Vehicle	-	128549
Memberships and Subscription	-	61520
Pest Control Expenses	60497	65878
Postage & Telegrams	48750	81717
Printing & Stationery	76169	104398
Public issue Expenses Written off	-	-
Rates & Taxes	317258	150496
Unrecoverable debts	1923648	-
Salaries & Wages	1210688	1087864
Security Service Charges	300398	210158
Service Charges	24771	17724
Staff Welfare	204303	502696
Telephone charges	601725	1082445
Travelling Expenses	447005	136651
Vehicle Repairs & Maintenance	29295	157658
Vehicle Running Expenses	97746	35466
	<u>13362065</u>	<u>7999446</u>
SCHEDULE - 16		
INTEREST		
On Term Loan	849175	601820
On Working Capital	4232786	3751868
Others	-	175000
	<u>5081961</u>	<u>4528688</u>
SCHEDULE - 17		
INCREASE or/(DECREASE) IN WORK-IN-PROCESS & FINISHED GOODS		
Opening stock of work-in-process & finished goods	4735638	8695097
Closing stock of work-in-process & finished goods	3844069	4735638
Increase or / (Decrease) in stocks	<u>-891569</u>	<u>-3959459</u>

SCHEDULE - 18

SIGNIFICANT ACCOUNTING POLICIES :

BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

(A) The financial statements have been prepared on accrual basis under the historical cost convention as going concern, in accordance with the Generally Accepted Accounting Principles to comply in all material aspects with the Accounting Standards issued by Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

(B) Revenue Recognition:

1. Revenue from sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer/agent, which coincides with the passing of possession to the buyer/agent.
2. Sales are inclusive of Excise duty and all recoveries except Sales Tax.

(C) Subsidy/Benefits :

Subsidy received is credited to reserves & surplus.

(D) Fixed Assets and Depreciation:

1. Fixed Assets are stated at cost less accumulated depreciation. Cost includes cost of installation/ commissioning and apportioned pre-operative expenses reduced by CENVAT credit availed by the company.
2. Depreciation on fixed assets is provided on straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956.
3. Capital Work in progress shall be debited to respective fixed assets as on when the asset is commissioned/operational and depreciated at the applicable rates.

(E) Foreign Exchange Transactions :

Foreign Exchange Transactions of revenue in nature are accounted at the exchange rates prevailing on the date of transaction and are recognized in the Profit and Loss Account. There are no Foreign Exchange Transactions with respect to Assets and Liabilities.

(F) Inventories :

The basis of valuation of inventories is as under:-

- | | | |
|---------------------------------------|---|--|
| (i) Raw Materials & Packing Materials | - | Cost or realizable value which ever is lower
Cost is computed on the basis of weighted average method including freight and related expenses reduced by Cenvat benefits |
| (ii) Work-in-process | - | At cost or net realizable value, which ever is lower.
(Cost includes materials and related overheads) |

- (iii) Finished Goods - At cost or net realizable value, which ever is lower
- (iv) Stores, Spares & Consumables. - Cost or realizable value which ever is lower cost is ascertained on weighted average

(G) Employee/Retirement Benefits:

a. Provident Fund :

Company's contribution to provident fund is accounted on accrual basis and is charged to revenue account.

b. Gratuity and Leave Encashment :

Liability in respect of leave encashment and gratuity in accordance with the rules of the company is provided for based on actuarial valuation done by an independent actuary.

(H) Borrowing Cost: Interest on funds borrowed for acquisition of assets is being capitalized upto the date the related assets are put to use. Interest on funds borrowed for other than acquisition of assets is recognized in the Profit and Loss Account.

(I) Taxes on Income: Current Tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future..

As per our Report attached
For M SESHARAO & CO.
Chartered Accountants

For and on Behalf of the Board

Sd/-
(M SESHARAO)
Proprietor
Place : Hyderabad
Date : 28th August, 2007

Sd/-
(SARITAB GURBANI)
Director

Sd/-
B K GURBANI
Chairman & Managing Director

SCHEDULE - 19

NOTES ON ACCOUNTS

1. Contingent Liabilities not provided for in respect of:
 - a. Income Tax matters under appeal for Rs.18.23 lacs pertaining to assessment year 2004-05. The company is in receipt of income tax demand for assessment years 1998-99 to 2003-04 for Rs. 14.71 lacs. The company has filed petition on ground of non-consideration of TDS credit due to company during assessment for these years.
 - b. The company is in receipt of Assessment order dated 28.03.07 for the period 2003-04 from Commercial Tax Officer, Malkajgiri Circle, Saroor Nagar Division, Hyderabad, wherein a Demand of APGST & CST for Rs.13,05,963/- is raised on the company. The company has collected the necessary statutory forms most of which has been already submitted. Hence the same has been appealed with the department and therefore this liability is not provided for.
2. Secured Loans
 - a. The Loans under hire purchase schemes are secured by hypothecation of vehicles owned by the Company.
 - b. Term loan of Rs. 45.00 lakhs is taken from SBI against hypothecation of plant and machinery (boiler).
 - c. The working capital loan of Rs. 154 lakhs from UTI Bank Ltd is primarily secured by first charge on stocks procured against confirmed orders/LC, hypothecation of book debts and export bills and collaterally secured by charges on the fixed block of the company including land.
 - d. The working capital limits of Rs.140.00 lakhs and Rs. 37.50 lakhs for-LC from SBI, Commercial Branch, Koti, Hyderabad is secured by exclusive first charge on stock of Raw Materials, Stock in Process, Finished Goods and receivables of the company pertaining to the project of Micronutrient Initiative and collaterally secured by company's plot of land in between Plot No.33 & 137 admeasuring 2119.80 sq. mtrs in S No 865/2 situated in Industrial Estate, Medchal, R R Dist besides second charge on entire fixed assets (present & future) of the company and first pari passu charge on the entire other current assets of the company (other than charged to UTI Bank Ltd, Begumpet, Hyderabad).
3. The sundry debtors, current assets, loans and advances have a value on realization, in the ordinary course of business, at least equal to the amount at which they are stated by the company.
4. The company has corresponded with old debtors and creditors and the dues which were neither recoverable nor payable have been written off during the year. Still there are some parties from which the company is yet to receive confirmations in respect of balances outstanding in sundry debtors and creditors:

5. As per the information available with the company, it appears that no dues outstanding for more than 30 days in excess of Rs.1,00,000/- as on 31st March, 2007 in respect of Small Scale Industrial Undertakings. It is reported that there are no specific claims on the company from the small scale industrial suppliers under the "Interest on Delayed Payments to small Scale and Ancillary Industrial Undertaking Act, 1993" during the said year.

6. Payment to Auditors (Amount in Rs.)

Particulars	31st March, 2007	31st March, 2006
Audit Fees	60,000	60,000
Tax Audit Matters	18,000	18,000
Certification & Other Services	14,550	12,000
TOTAL	92,550	90,000

7. Directors Remuneration (Amount in Rs.)

Particulars	31st March, 2007	31st March, 2006
Salary & Allowances to Managing Director	4,20,000	4,20,000
Salary & Allowances to Other Directors	-	95,000
TOTAL	4,20,000	5,15,000

8. There are no debts outstanding as on 31st March 2007 from Directors or other officers of the company other than imprest cash in order to meet running expenses.

9. Traveling expenses includes Rs. 54,496/- (Previous year Rs. 1,55,507/-) towards Directors traveling out of which Director's foreign travel expenses is to the tune of Rs. 30,450 (Previous year 43,060).

10. Segment Reporting :

The Company's business consists of one primary reportable business segment of manufacturing and sale of sugar boiled candies and toffees with manufacturing facility at single place and consists of major revenue on account of domestic sales, no separate disclosures pertaining to attributable revenues, profits, assets, liabilities and capital employed are given as required under Accounting Standard – 17:

11. Deferred Tax Liability:

Deferred tax liability as on 31.03.2007 due to timing differences between financial statements and taxation statements based on the return of income filed by the Company as per applicable rate of taxation, estimated at Rs.7943198/- (Net) has been shown under Deferred Tax Liability in Balance Sheet as per the procedure prescribed in the Accounting Standard, 22.

The movement of Provision of Deferred Tax for the year ended 31-03-2007 is as given below:

(Amount in Rs.)

Particulars	(Liability)/Asset as at 01-042006	(Liability)/Asset for the year	(Liability)/Asset as on 31.03.2007
Time differences on account of Depreciation on assets	(8323576)	368402	(7955174)

12. Earnings per share (EPS)

The earnings considered in ascertaining the Company's Earnings per share comprise of net profit after tax. The number of shares used in computing Basic earnings per share is the weighted average number of shares outstanding during the year. The numerators and denominators used to calculate earnings per share.

(Amount in Rs.)

Particulars	2006-07	2005-06
Profit attributable to Equity Share Holders (A)	1070470	873085
Basic/Weighted Average Number of Equity Shares outstanding during the year (Nos.) (B)	48,20,000	48,20,000
Nominal Value of each Equity Share	10/-	10/-
Earning per share. (AA) / (B)	0.22	0.18

13. Disclosure as required by Accounting Standard 18 (AS –18)

"Related Party Disclosures" issued by The Institute of Chartered Accountants of India are as follows:

Name of the related parties and description of relationship:

Related Parties

- a) Associates : M/s Royes Industries Limited
M/s Naturalle Health Products Pvt Ltd
- b) Key Management Personnel : Shri Brahma K Gurbani
- c) Relatives to Key Management Personnel : Smt Meera B.Gurbani
Mrs. Saritha B Gurbani

d) Details of Transactions: (Rupees in Lacs)

Particulars	Associates	Key Management Personnel	Relatives of Key Management Personnel
Remuneration	---	4.20	---
Advance for capital goods	209.07	---	---

14. Disclosure as required under to clause 32 of listing agreement.

Loans and Advances to Associates and other related parties in normal course of business :

Name of the Company	Amount Outstanding as on 31.03.2007	Maximum Outstanding during the year
Tarka Foods & Confectionery Pvt. Ltd.	209.07	209.07

15. Previous years figures have been regrouped/and or rearranged wherever necessary to conform with the current year classification.

16. Provision for accruing liability for Super Annotation/Retirement benefits have been made in the basis of the liability as actually determined as at the year-end

17. Paisa is rounded off to nearest rupee.

18. ADDITIONAL INFORMATION pursuant to provisions of para 3, 4C and 4D of part II Schedule VI of the Companies Act, 1956

S.No.	Particulars	2006 - 2007		2005 - 2006	
		Value (Rs. in lakhs)	Quantity	Value (Rs. in lakhs)	Quantity
A.	CAPACITY, PRODUCTION, SALES & STOCKS				
1.	CAPACITY				
	a. Licenced capacity	NA	NA	NA	NA
	b. Installed Capacity (Single shift working basis)	NA	2400 T.P.A.	NA	2400 T.P.A.
	(As certified by Management but not verified by auditors being a technical matter)				

	2006 - 2007		2005 - 2006	
	Quantity(Kg.)	Value	Quantity (Kg.)	Value (in lakh)
Opening stock	23026	43.76	21771	86.95
Production	2957808	NA	1768119.04	NA
Closing stock	60216	35.20	23026	43.76
Sales - Own Product	1400947	817.06	29439	282.67
Sales - Job work	1519671	190.13	1737425.04	257.8

Note : a) The quantitative details indicated above includes production & dispatches made on principal to principal basis and Loan License basis.

SAMPRE NUTRITIONS LIMITED

MATERIAL CONSUMED

	2006-07		2005-06	
	Quantity (Kg.)	Value (in lakh)	Quantity (Kg.)	Value (in lakh)
Raw-material				
- Sugar	996526	189.34	230167.58	42.69
- Gulucose	699111	157.3	161473.62	35.47
- Flavours	317	0.19	73.14	0.04
- Pre-mix	4865	29.19	1123.67	6.58
Total	1700819	376.02	392838.00	84.79
Packing material				
Primary packing (laminare) Kgs.	61200	153	8229.02 (Kg.)	
Secndry packing: (No.)			2812768 (No.)	
- Polybag (No.)	303000	18.2		
- Woven bags (No.)	184300	18.43		
Total		189.63		63.43

B. VALUE OF IMPORTS ON CIF BASIS NA NA NA NA

C. EXPENSES IN FOREIGN CURRENCY NIL NA 1.04 NA
(Directors Travelling expenses)

**D. Value of Imported and Indigeneous
Materials consumed and % of each
to total consumption**

i. Imported	NIL	NIL
ii. Indigeneous	565.65	148.22
Percentage	100%	100%

As per our Report attached
For M SESHARAO & CO.
Chartered Accountants

For and on Behalf of the Board

Sd/-
(M SESHARAO)
Proprietor
Place : Hyderabad
Date : 28th August, 2007

Sd/-
(SARITA B GURBANI)
Director

Sd/-
B K GURBANI
Chairman & Managing Director

AUDITORS' CERTIFICATE

To
The Board of Directors,
Sampre Nutritions Limited
100, S.D. Road, Secunderabad

We have examined the attached Cash Flow Statement of M/s. Sampre Nutritions Limited for the year ended 31st March, 2007

The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreement with the Stock Exchange and is based on and in agreement with the corresponding Profit & Loss account and Balance Sheet of the Company covered by our report of 31st March 2007 to the members of the Company.

For M. Sessa Rao & Co.
Chartered Accountants

Sd/-

M. SESA RAO

Proprietor

Member Ship No. : 022425

Place : Hyderabad
Date : 28th August, 2007

SCHEDULE NO. 20 :INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I. Registration Details**

Registration No.	:	13515
State Code	:	01
Balance sheet date	:	31-03-2007

II. Capital Raised during in year (Amount in Rs. Thousands)

Public Issue	:	Nil	Nil
Rights Issue	:	Nil	Nil
Bonus Issue	:	Nil	Nil
Private Placement	:	Nil	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

		<i>Current Year</i>	<i>Previous Year</i>
Total Liabilities	:	116562	108904
Total Assets	:	116562	108904

Sources of Funds

Paid up Capital	:	48200	48200
Reserves & Surplus	:	22119	20680
Secured Loans	:	38288	31700
Unsecured Loans /	:	-	-
Deffered tax Liabilities	:	7955	8324

Application of Funds

Net Fixed Assets	:	67407	63277
Investment	:	-	-
Net Current Assets	:	49155	45627

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (Gross Revenue)	:	104096	54790
Total Expenditure	:	101545	52444
Profit/Loss before Tax [+]	:	2550	2346
Profit/Loss after Tax [+]	:	1070	873
Earnings per share in Rs.	:	0.22	0.18
Dividend Rate %	:	Nil	Nil

Signature Schedules 1 to 20

As per our Report attached

For M SESHARAO & CO.

Chartered Accountants

Sd/-

(M SESHARAO)

Proprietor

Place : Hyderabad

Date : 28th August, 2007

For and on Behalf of the Board

Sd/-

(SARITAB GURBANI)

Director

Sd/-

B K GURBANI

Chairman & Managing Director

SAMPRE NUTRITIONS LIMITED

REGISTERED OFFICE : 100, SAROJINI DEVI ROAD, SECUNDERABAD - 500 003.

ATTENDANCE SLIP

SIXTH ANNUAL GENERAL MEETING

SATURDAY, THE 29TH SEPTEMBER, 2007 AT 10-00 A.M.

Registered Folio No. / Demat Account No. (Client ID)	
DP ID No. :	
Name of Shareholder	
Number of Shares held	

I/We hereby record my/our presence at the SIXTEENTH ANNUAL GENERAL MEETING of the company at the Lions Club Conference Hall, LIC Building, Second Floor, Paradise Circle, SECUNDERABAD - 500 003.

Shareholder's / Proxy's Signature

IMPORTANT : 1. Shareholder or Proxy holder attending this meeting must bring this attendance slip to the meeting and hand over at the entrance duly filled and signed.

2. Shareholders or Proxy holders are requested to bring their copy of the Annual Report for reference at the meeting.

SAMPRE NUTRITIONS LIMITED

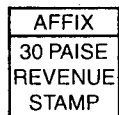
REGISTERED OFFICE : 100, SAROJINI DEVI ROAD, SECUNDERABAD - 500 003.

PROXY FORM

Registered Folio No. / Demat Account No. (Client ID)	
DP ID No. :	
Name of Shareholder	
Number of Shares held	

I/We _____ of _____ in the District of _____ being a member / members of Sampre Nutritions Limited, hereby appoint _____ of _____ in the District of _____ or failing him _____ of _____ in the District of _____ as my/our proxy to vote for me/us on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held on Saturday, The 29th September, 2007 at 10-00 a.m. at the Lions Club Conference Hall, LIC Building, Second Floor, Paradise Circle, Secunderabad - 500 003 and any adjournment thereof.

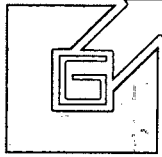
Signed this _____ day of _____, 2007



Signature _____

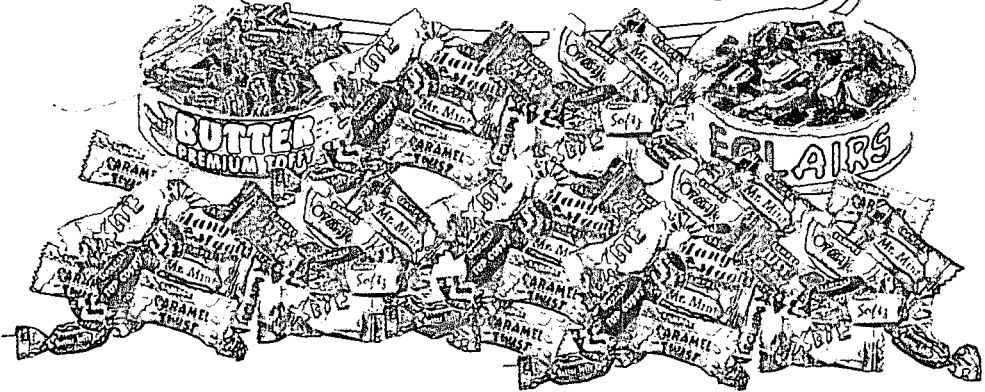
NOTE : 1. The Proxy Form shall be completed and signed by the shareholder across the revenue stamp as per the specimen signature registered with the company.

2. The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.



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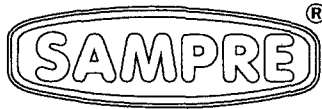
SAMPRE®



BOOK POST



TO,



SAMPRE NUTRITIONS LTD

Corporate Office :

III FLOOR, KIRAN ARCADE

100 S.D. ROAD, SECUNDERABAD - 500 003

Phone : +91-40-27841778/79 Fax : 27813931

Email : bkgurbani@gurbanigroup.com

Production Plants :

133 INDUSTRIAL ESTATE

MEDCHAL - 501 401 (HYD), A.P., INDIA

Phone : +91-8418-222427/428 Fax : 222429

Email : gurbani@satyam.net.in

AN ISO 9001 & HACCP CERTIFIED COMPANIES

