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# **SAMPRE NUTRITIONS LTD**

***TWENTIETH ANNUAL REPORT  
2010-2011***

**FIRST TIME IN INDIA**



**FORTIFIED VITAMINIZED CANDY**

**CANDY FILLED WITH HEALTH**

**BOARD OF DIRECTORS**

SRI B K GURBANI : Chairman and Managing Director  
SMT MEERA B GURBANI : Director  
SRI HARANAM R BHATIJA : Director  
SRI B JAYAPRAKASH REDDY : Director  
SRI ANIL SIDHANI : Director  
SRI GEORGE KURIAN : Director

**AUDITORS:**

M/s KJD Srinivas & Co.  
Chartered Accountants  
Plot No.67, Paigah Colony,  
SP Road,  
Secunderabad -500003

**BANKERS:**

State Bank of India  
AXIS Bank Limited

**REGISTERED OFFICE:**

100, 3rd Floor, Kiran Arcade  
Sarojini Devi road,  
Secunderabad – 500 003  
Andhra Pradesh, India  
Phone: 040 – 27841778  
Fax: 040-27813931  
E-Mail: gurbani@sify.com  
Website: www.gurbanigroup.com

**WORKS:**

133, APIIC Industrial Estate,  
Medchal-500 401,  
Ranga Reddy Dist, AP.  
Phone: 08418 22427/28  
Fax: 08418 22429

**REGISTRARS & TRANSFER AGENTS:**

M/s. Big Share Services Private Ltd  
306, Right Wing, Amrutha Ville,  
Opp. Yashoda Hospital,  
Raj Bhavan Road, Somajiguda,  
Hyderabad – 500 082.  
Phone : 040-23374967

## NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Members of the Company will be held on **MONDAY, 31<sup>ST</sup> OCTOBER, 2011** at **11.00 A M** at Lions Bhavan Trust, Behind LIC Office, Paradise Circle, Secunderabad – 500 003 to transact the following items of business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 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 Mr. Banala Jayaprakash Reddy who retires by rotation and being eligible offer himself for re-appointment.
3. To appoint a director in place of Mr. Harnam Rajalsingh Bathija who retires by rotation and being eligible offer himself for re-appointment.
4. To appoint auditors to hold the office from conclusion of the Annual General Meeting to conclusion of the next Annual General Meeting and to fix their remuneration.

For and on behalf of the Board  
**For SAMPRE NUTRITIONS LIMITED**

Sd/-

**B K GURBANI**

Chairman and Managing Director

Place: Secunderabad.  
Date: 29.09.2011

### NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM SELF 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. Members/proxies are requested to bring their copies of Annual Report and the attendance slip duly filled in for attending the meeting. Copies of the Annual Reports will not be provided at the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from **Wednesday, 26<sup>th</sup> October 26, 2011** to **Monday 31<sup>st</sup> October, 2011** (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.
6. Members are requested to notify any change in their addresses to the Company's Share and Depository Transfer Agents.

## DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting herewith the Twentieth Annual Report of together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2011

### **FINANCIAL RESULTS**

(Rs.in lakhs)

<b>PARTICULARS</b>	<b>Current Year 2010-11</b>	<b>Previous Year 2009-10</b>
Income Received	1044.53	435.44
Expenditure	1010.09	426.04
Profit before depreciation and Income tax	114.35	85.21
Depreciation	80.73	75.81
Net profit before tax	33.62	9.40
Provision for taxation		
a. Current tax	10.00	3.00
b. Deferred tax	-	-
c. Fringe Benefit Tax	-	-
Profit after tax	23.62	6.40
Brought forward from previous year	210.40	204.56
Transfer to General Reserve	-	-
Balance carried to balance sheet	234.02	210.96

### **OVERALL PERFORMANCE OF THE COMPANY:**

During the financial year under review, your Company has recorded a turnover of Rs.1044.53 Lakhs and incurred a net profit after tax of 23.62 Lakhs compared to Turnover of Rs. 435.44 Lakhs and net profit after tax of Rs. 6.40 Lakhs during the previous financial year.

Your Board of Directors are hopeful that the performance of the Company will improve in the coming financial years.

### **DIVIDEND**

Due to insufficiency of profits your directors do not recommend any dividend for the financial year 2010-11.

**DIRECTORS:**

Mr. Banala Jayaprakash Reddy & Mr. Harnam Rajalsingh Bathija retires by rotation at this Annual General Meeting and being eligible offer themselves for re-appointment.

Board recommends their re-appointment.

**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.

**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.

**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 31<sup>st</sup> March, 2011 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 31<sup>st</sup> March 2011 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.

## **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 given in Annexure – 1 attached hereto which forms a part of this report.

## **AUDITORS:**

M/s. KJD Srinivas & Co., Chartered Accountants, statutory Auditors of the Company retire at the ensuing annual general meeting and being eligible offer themselves for re-appointment.

Further Company is in receipt of confirmation from M/s. KJD Srinivas & Co, Chartered Accountants that in the event of their re-appointment as statutory auditor at the ensuing Annual General Meeting, such appointment will be in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956.

Board recommends their re-appointment.

## **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 – III** to this report.

### **B) MANAGEMENT DISCUSSION & ANALYSIS REPORT:**

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

**ACKNOWLEDGEMENTS:**

Your Directors take this opportunity to place on record their gratitude for the continued support received from its Principals – Cadbury India Limited, Himalaya Drug Company, Sydlar Remedies Pvt Ltd, Harshey's & Dr. Morpen. Your Directors also acknowledge with deep sense of appreciation the continued support from Shareholders, Investors, Suppliers, Bankers' – State Bank of India, AXIS Bank Limited 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.

**BY ORDER OF THE BOARD  
For SAMPRE NUTRISIONS LIMITED**

Place: Secunderabad.  
Date: 29.09.2011

Sd/-  
**B K GURBANI**  
Chairman and Managing Director



[ PARTICULARS UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE  
REPORT OF BOARD OF DIRECTORS) RULES, 1998. ]

**CONSERVATION OF ENERGY**

<b>A. POWER AND FUEL CONSUMPTION</b>	<b>Current Year</b>	<b>Previous Year</b>
	<b>2010-11</b>	<b>2009-10</b>
<b>1. Electricity</b>		
<b>a) Purchased Unit(Kwh)*</b>	<b>7,91,140</b>	<b>4,92,386</b>
Total Amount Rs.	<b>36,44,501</b>	<b>21,07,411</b>
Rate/Unit Rs.	<b>4.60</b>	<b>4.28</b>
<b>b) Own Generation</b>		
i. Through Diesel Generator:		
Units Generated (Kwh)	<b>38,014</b>	<b>30,783</b>
Total Cost	<b>16,40,312</b>	<b>12,52,240</b>
Cost/Unit Rs.	<b>43.15</b>	<b>40.68</b>
ii. Through steam turbine/generator	-	-
<b>2. Coal (for Boiler)</b>		
- Quantity - Liters	<b>3041</b>	<b>1685</b>
- Total Amount - Rs.	<b>68,42,865</b>	<b>32,85,360</b>
- Average Rate - Rs.	<b>2250</b>	<b>1950</b>
<b>3. Furnace Oil</b>		
- Quantity- Liters	Nil	Nil
- Total Amount- Rs.	Nil	Nil
- Average Rate- Rs.	Nil	Nil
<b>4. Other/internal generation</b>	Nil	Nil

**B. CONSUMPTION PER KG OF PRODUCTION**

<b>Particulars</b>	<b>2010-11</b>	<b>2009-10</b>
<b>Total Production</b>	<b>47,90,523</b>	<b>32,10,530</b>
Electricity (Kwh)	<b>0.76</b>	<b>0.66</b>
Furnace Oil	NIL	NIL
Fire Wood(Kgs)	<b>1.42</b>	<b>1.02</b>
Diesel (ltrs)	<b>0.34</b>	<b>0.39</b>

**FORM - "B"**

**PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION**

**A. RESEARCH AND DEVELOPMENT (R&D) :**

1. The company is continuously putting the efforts for upgrading the product development and process. Time to time the stability tests and product shelf life is being monitored.
2. Besides of the product Development Company is also putting efforts to train the staff & work force.
3. The vitaminized candy "**CANDY NUTRI**" efficacy studies & effectiveness are conducted and company is improving further to develop this product.
4. Expenditure on R & D:  
Capital - The Company has spent an amount of Rs.1.38 lakhs towards lab equipment

**B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:**

The Company has invested in additional upgradation of the equipment to deliver high quality of "**ECLAIRS**" product of its principle customer M/s. Cadbury's India Limited, for which the cream center filling equipment is replaced by a new one including 3 tier conveyer was installed to maintain the 8°C temperature for cooling the product at 1 ton per hour.

**FOREIGN EXCHANGE EARNINGS & OUTGO: (IN RS.)**

	<b>2010-11</b>	<b>2009-10</b>
Foreign Exchange earnings	Nil	Nil
Foreign Exchange outgo	25,37,700	Nil

**CURRENT SCENERIO:**

The Indian confectionery market is highly consolidated, stated the report, with the top five manufacturers accounting for a major share. International manufacturers are particularly dominant in the market, and also lead the way in terms of new product launches. "An analysis of the leading manufacturers in terms of growth suggests that companies like Cadbury (Kraft) and Nestlé, with a higher focus on chocolate products, are performing relatively better than other confectionery manufacturers,"

Rising input costs have been one of the major factors affecting the market in recent years and Key Note predicts that this will continue into the future, resulting in a rising market value. The price of cocoa and sugar has increased dramatically over the 5-year review period, which is likely to have an adverse affect on the chocolate confectionery sector. Although some companies maintained a good level of ingredient stocks in 2010, the rising cost of commodities, coupled with the increase in value added tax (VAT) in January, is likely to have a more noticeable effect on the industry in 2011.

**INDUSTRY STRUCTURE AND DEVELOPMENTS:**

Examines developments in the Indian confectionery market provides latest retail data at a category level along with 5 year forecasts, highlighting specific growth areas Examines new product launches in the Indian confectionery market, by key categories identifies the leading players in the market, providing details on brand portfolio and new product launches The confectionery market in India was estimated to be worth \$1.27bn in 2009, growing at a compound annual growth rate (CAGR) of 10.5% during 2004-09. The market is expected to grow to a value of \$2.28bn by 2014 and is estimated to grow at a CAGR of 12.4% during 2009-14. Increasing health consciousness, a fast evolving indulgence seeking attitude of the Indian consumers along with snacking/eating on-the-go are a few of the key trends shaping the Indian confectionery market. In 2010, new product launches were dominated by sugar confectionery and chocolate category which together accounted for around 80% of the launches.

The organized confectionery market today is close to 2,40,000 tons per annum and in terms of Rupee value is close to 3500 crores. To our information the unorganized sector of confectionery is double the size if the same in terms of tonnage. The growth in the confectionery category has not seen any double digit growth due to the high input cost especially sugar since the last 3 years , where as Éclairs category has grown 10 – 15 % constantly in the last 3 years. The size of Éclair market is close to 4000 tons / annum in the Re 1/- segment. This category is growing @20% P.A.

**OPPORTUNITIES, THREATS, RISKS AND CONCERNS:**

The Management sees major opportunity in Confectionery Industry. The Chocolate industry is growing fast and becoming organised sector. Entry of so many big retail chains giving boost to the Chocolate industry to grow. The Chocolate Industry is very competitive and due to volatility in commodities, which are major raw material of Chocolate industry, the industry is facing pressure on margin. Smaller players in the industry are also facing tough competition from big and organized players.

Like any other industry, Confectionery Products are also exposed to risk of competition. Volatility in prices of commodities like sugar, cocoa, glucose etc. also increase risks of profit margin as increase in prices of final product is governed by so many factors. Therefore it is not easy to increase the price of final products. The Company is taking necessary steps to safeguards itself from the volatility of commodity prices.

With growing consumer awareness towards healthy and low calorie products, the global artificial and natural sweetener market is growing rapidly. This growth is further reflected in the chewing gum market with the latter experiencing a huge demand of sugar free gums to be offered to an increasing number of health conscious consumers. This opportunity is tapped by the confectionary manufacturers who are providing sugar free gums in many different flavors and colors to the consumers. As the Indian confectionery market continues to evolve, strong trends have come to the fore which will shape the future of the market and categories within it. Health consciousness is one trend that has certainly caught the attention of the manufacturers. Gifting chocolates during traditional Indian festivals like Diwali and occasions like Raksha Bandhan also continue to gain popularity. Such products have a longer shelf-life than traditionally available sweets, and are also accompanied by well-targeted marketing campaigns and product positioning. This is leading to a shift from gifting dried fruits and sweets to chocolates.”

#### **FUTURE OUTLOOK:**

The Company's focus has been totally on Quality and GMP (good manufacturing practices) and also the company has won a number of Quality awards from the Hon. Prime Minister's office and other respected agencies for Quality certification. In terms of the standards, quality, trained personals, Sampre stands No 1, in private sector (contract manufacturing). Sampre is a certified ISO and HACCP Company. The capacity of Sampre is 4800 tons of éclairs and 5000 tons of HBSC per annum. We are utilizing 80% of our capacity for éclairs and 50% for HBSC currently.

Due to high manufacturing cost with the MNC's at its own plants the trend for contract manufacturing has become a vogue in this country. Many MNCs are sourcing éclairs from Sampre on contract manufacturing basis.

The company's focus is on developing new products and recently we have developed a vitaminized candy with vitamins A, C, Folic acid and iron. The vitamin content, efficacy & effectiveness studies have been conducted and the report has been made by Dr Anand of AIIMS, Delhi. Women and child welfare department has approved the product for distribution through its Anganwadi centers for Eradication of malnutrition by the oral consumption of vitamins in the form of candy. Company is planning to launch "CANDY NUTRI" in the four southern states in structure marketing way. Looking on the response the company will expand to other states.

#### **PRODUCT PERFORMANCE:**

During the year under review your company has reached a turn over of Rs.10.44 crores. This contributes major income from contract manufacturing.

### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

The Company has adequate systems of internal Controls commensurate with its size and operations to ensure orderly and efficient conduct of business. These controls ensure safeguarding of assets, reduction and detection of fraud and error, adequacy and completeness of the accounting records and timely preparation of reliable financial information.

### **MATERIAL DEVELOPMENT IN HUMAN RESOURCES:**

The company is pleased to inform that it has brought in qualified professional 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.

**Annexure - III**

### **REPORT ON CORPORATE GOVERNANCE**

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

### **COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:**

The Company's philosophy of Corporate Governance is aimed at assisting the top management of the Company in the efficient conduct of the business and in meeting its obligation to stakeholders, and is guided by a strong emphasis on transparency, accountability and integrity. This improves public understanding of the structure, activities and policies of the organization. Consequently, the organization is able to enhance the trust and confidence of the stakeholders. It is a culture based on a foundation of sound business ethics for accomplishing the long term strategic goal of the Company while taking into account the expectations of all the key stakeholders and within the applicable legal framework

Given below is a brief report on the practice followed at Sampre Nutritions Limited towards achievement of good Corporate Governance.

### **BOARD OF DIRECTORS:**

The present strength of the Board consists of Six Directors, Four of them are Independent Non-Executive, one is Promoter - Executive director and one is Promoter Non-Executive Director. Your company has taken all necessary steps to strengthen the Board with Optimum combination of Independent and Promoter Directors. Board of Directors guides, direct and oversees overall management of the company and protect interest of shareholders, employees and the society at large.

**During the financial year 2010-11 Six (6) Board Meetings were held on the following dates:**

30.04.2010      07.08.2010      26.08.2010      18.10.2010      30.10.2010      15.02.2011

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.

S. No	Name of the Director	Category	Attendance at last AGM	Attendance in		Other Boards	
				Board Meeting Held	Board Meeting Attends	Directorship	Committees
1.	B K GURBANI	Promoter and Executive	YES	6	5	2	—
2	MEERA B GURBANI	Promoter and Non-Executive	YES	6	6	2	—
3	HARNAM R BHATIJA	Non-Executive Independent	YES	6	5	2	--
4	B JAYAPRAKASH REDDY	Non-Executive Independent	YES	6	3	1	--
5	ANIL SIDHANI	Non-Executive Independent	YES	6	5	-	—
6	GEORGE KURIAN	Non-Executive Independent	YES	6	4	-	—

**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.**

<b>Name of the Director</b>	:	<b>Sri. B. Jaya Prakash Reddy</b>
<b>Date of Birth</b>	:	<b>22.12.1955</b>
<b>Age</b>	:	<b>56</b>
<b>Date of First Appointment</b>	:	<b>01-06-2006</b>
<b>Experience in Specific Functional Area</b>	:	He has traveled intensively and acquired thorough experience of confectionery industry and very well worse with equipments supplied and engineering development that contributes for achieving more output and working with very efficient yields. Present he is workings consultant for confectionery units with specialization on plant management.
<b>No of Shares held in the company</b>	:	<b>Nil</b>
<b>Qualification</b>	:	<b>B.com</b>

<b>Name of the Director</b>	:	<b>Haranam Bhatija</b>
<b>Date of Birth</b>	:	20.09.1959
<b>Age</b>	:	52
<b>Date of First Appointment</b>	:	12.05.1995
<b>Experience in Specific Functional Area</b>	:	Presently he is Vice President of Rithwik Projects Limited; a Hyderabad based Infrastructure Development Company. Earlier served as CEO of BBM Infotech Private Limited and also worked as resident editor of Deccan Chronicle and as Senior Editor of Indian Express. He has specialized Knowledge of Indian Industry particularly in the media, tobacco and Energy sector.
<b>No of Shares held in the company</b>	:	Nil
<b>Qualification</b>	:	Master Degree in Mass Communication Journalism

### **AUDIT COMMITTEE**

Audit Committee of your company as on date consists of following 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 30.04.2010, 07.08.2010, 26.08.2010, 30.10.2010 and 15.02.2011 attendance of each Member of Committee is as follows.

<b>S. No</b>	<b>Name of the Member</b>	<b>Designation</b>	<b>No of Meetings held</b>	<b>No of Meetings attended</b>
1	Mr. B Jayaprakash Reddy	Chairman	5	3
2	Mr. Harnam R Bathija	Member	5	5
3	Mr. Anil Sidhani	Member	5	5

## **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:

S.No,	Name of the Member	Designation
1.	Mr. B Jayaprakash Reddy	Chairman
2.	Mr. Harnam R Bhatija	Member
3.	Mr. Anil Sidhani	Member

## **DETAILS OF THE DIRECTORS' REMUNERATION**

Name	Designation	Remuneration paid/to be paid for the Financial year 2010-11 (in Rs.)		
		Salary & Perks	Commission	Total
B K GURBANI	Chairman & Managing Director	6,60,000	—	6,60,000
MEERAB.GURBANI	DIRECTOR	2,40,000	—	2,40,000

## **SHAREHOLDERS AND INVESTOR GRIEVANCE COMMITTEE**

Composition of Shareholder and Investor Grievance Committee is as follows.

S.No.	Name of the Member	Designation
1.	Sri Meera B Gurbani	Chairman
2.	Sri 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.



## OTHERS

### (a) Name and designation of Compliance officer

**B K GURBANI**

Chairman & Managing Director

### (b) Details of Investor complaints received and readressed during the year

#### Number of Complaints

	Year 2010 – 11		Pending
	Received	Resolved	
Total Complaints	10	10	NIL

### (c) General Body Meetings

The last three Annual General Meetings of the company were held at the following location

Year	Location	Date	Time (A.M)	No of Special Resolutions
2009-10	Lions Club Conference Hall, LIC Building, 2 <sup>nd</sup> Floor, Paradise Circle, Secunderabad-3	27.09.2010	11.00	Nil
2008-09	Lions Club Conference Hall, LIC Building, 2 <sup>nd</sup> Floor, Paradise Circle, Secunderabad-3	29.09.2009	10.00	Nil
2007-08	Lions Club Conference Hall, LIC Building, 2 <sup>nd</sup> Floor, Paradise Circle, Secunderabad-3	27.09.2008	10.30	NIL

## DISCLOSURES:

### ***CEO and CFO Certification:***

The Managing Director and Chief Financial Officer have given a certificate to the Board as contemplated in Clause 49 of the Listing Agreement.

### ***Related Party Transactions:***

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:

Transactions with related parties were disclosed in the Notes to Accounts in the Annual Report.

### ***Details of Non Compliance and Penalties:***

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.

### ***Means of Communication:***

Quarterly results and Annual Results of the Company are normally published in Telugu & English Newspaper. Further all material information which will have some bearing on the operation of the company is sent to stock exchanges concerned.

## **Management Discussion and Analysis Report**

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

### **GENERAL SHAREHOLDER INFORMATION**

**AGM:** The Twentieth Annual General Meeting of the Company will be held on **Monday, 31<sup>st</sup> October, 2011** at 11.00 A.M at Lions Club Conference Hall, LIC Building, 2<sup>nd</sup> Floor, Paradise Circle, Secunderabad – 500 003.

dise Circle, Secunderabad – 500 003.

#### **Financial Calendar:**

First Quarter Results	Last week of July, 2011
Second Quarter Results	Last week of October, 2011
Third Quarter Results	Last week of January, 2012
Fourth Quarter Results	Last week of April, 2012

**Book Closure Date: Wednesday, 26<sup>th</sup> October, 2011 to Monday 31<sup>st</sup> October, 2011** (both days inclusive)

**Listing on Stock Exchanges:** The shares of the company are listed on Bombay Stock Exchange Limited.

Listing fee for the financial year 2010-11 has been paid to Bombay Stock Exchange Limited. Trading in the shares of the company is active at BSE. Company has complied with all the listing compliances.

<b>Scrip Code</b>	BSE - 530617
<b>ISIN No. for NSDL &amp; CDSL</b>	INE375C01014
<b>Registrar and Transfer Agents :</b>	M/s. Big Share Services Private Limited 306, Right Wing, Amrutha Ville, Opp: Yashoda Hospital, Somajiguda, Raj Bhavan Road, Hyderabad-500 082.
<b>Market Price Data</b>	During the Year suspension on Trading of the Script of the Company as lifted by the BSE w.e.f 09 <sup>th</sup> March, 2011. Now Companies Shares are traded actively on BSE.

**SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH 2011**

Sl no	Category	No. Of Shares Held	% Of Shareholding
1	Indian Promoters	2555770	53.02
2	Mutual Funds & UTI	-	-
3	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions / Non-Govt. Institution)	-	-
4	FIs	-	-
5	Private Corporate Bodies	150701	3.13
6	Indian Public	1818729	37.73
7	NRI's / OCB's	294800	6.12
	<b>TOTAL</b>	<b>4820000</b>	<b>100.00</b>

**DISTRIBUTION OF SHAREHOLDING****DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2011**

Sl. No.	Category From - To Rs Rs	Total Share Holders	% of Total Share Holders	Total Holding in Rupees	% of Total Capital
1	Upto - 5000	2753	77.44	63,79,890	13.24
2	5001 - 10000	460	12.94	40,26,910	8.35
3	10001 - 20000	173	4.86	27,85,120	5.78
4	20001 - 30000	49	1.38	12,71,880	2.64
5	30001 - 40000	34	0.96	12,60,340	2.61
6	40001 - 50000	29	0.82	13,98,760	2.90
7	50001 - 100000	39	1.10	29,38,470	6.10
8	100001 and above	18	0.50	2,81,38,630	58.38
	<b>Total</b>	<b>3555</b>	<b>100.00</b>	<b>4,82,00,000</b>	<b>100.00</b>

**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.

80.49% of total equity capital of the Company is held in dematerialization form with NSDL and CDSL as on 31<sup>st</sup> March, 2011.

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

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

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

**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 directors 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 2010-11.

Place : Secunderbad  
Date : 29-09-2011

Sd/-  
**B K GURBANI**  
Chairman & Managing Director

## **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 31<sup>st</sup> March, 2011 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 31<sup>st</sup> March, 2011, 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

**For KJD SRINIVAS & CO**  
Chartered Accountants  
(Firm No. 053525)

Place: Secunderabad  
Date: 09.09.2011

Sd/-  
**KJD SRINIVAS**  
Partner  
Membership Number : 200487

M/s KJD Srinivas & Co.  
Chartered Accountants  
Plot No.67, Paigah Colony,  
SP Road,  
Secunderabad -500003

### **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 **31<sup>st</sup> March 2011**, the profit and loss account for the year ended on that date annexed thereto. 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 have 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 and profit and loss account 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 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 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 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, the state of affairs of the company as at 31st March 2011;
- (b) In the case of the profit and loss account, the profit for the year ended on that date.

For **KJD SRINIVAS & CO**  
Chartered Accountants  
(Firm No. 053525)

Place: Secunderabad  
Date: 09.09.2011

Sd/-  
**KJD SRINIVAS**  
Partner  
Membership Number : 200487

## ANNEXURE TO THE AUDITOR'S REPORT

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

- (i) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (a) 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.
  - (b) Fixed Assets disposed off during the year; 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) 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) Company has not accepted any deposits from the public with in the meaning of sections 58A and 58AA of the company Act, 1956 and rules framed there under.
- (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.
- (ix) (a) The company is generally been regular in depositing with appropriate authorities undisputed statutory dues including income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it. However the Company is not regular in depositing Provident Fund and Employees State Insurance within the due dates.



- (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 funds, 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 KJD SRINIVAS & CO**  
Chartered Accountants  
(Firm No: 053525)

Place: Secunderabad  
Date: 09.09.2011

Sd/-  
**KJD SRINIVAS**  
Partner  
Membership Number : 200487

**SAMPRE NUTRITIONS LIMITED**  
**BALANCE SHEET AS ON 31.03.2011**

(Amounts in Rupees)

PARTICULARS	Schedule	AS ON 31.03.2011	AS AT 31.03.2010
<b>1. Sources of Funds</b>			
<b>A. Share Holders Funds</b>			
a. Share Capital	1	48,200,000	48,200,000
b. Share Application money		3,700,000	3,700,000
Profit & Loss Account	2	1,67,99,987	1,98,84,116
<b>B. Loan Funds</b>	3	4,07,35,803	4,41,85,383
<b>C. Deferred Tax Liability</b> ***	4	<u>84,57,704</u>	<u>84,57,704</u>
		<u>11,78,93,494</u>	<u>12,44,27,202</u>
<b>2. Application of Funds</b>			
<b>A. Fixed Assets</b>	5		
a. Fixed Assets		16,92,49,057	15,66,10,030
b. Less: Depreciation		<u>7,72,57,443</u>	<u>6,91,84,039</u>
c. Net Block		9,19,91,615	8,74,25,991
<b>B. Working Capital</b>			
a. Current Assets	6	6,10,43,080	5,51,51,725
b. Less : Current Liabilities	7	<u>3,65,82,070</u>	<u>1,97,71,491</u>
		2,44,61,010	3,53,80,233
<b>Preliminary Expenses not writtenoff</b> 8		<u>14,40,870</u>	<u>16,20,978</u>
<b>TOTAL</b>		<u>11,78,93,494</u>	<u>12,44,27,202</u>

This is the Balance sheet referred to  
Our report of even date.

For **KJD Srinivas & Co**  
Chartered Accountants  
(Firm No : 053525)

Sd/-

**KJD Srinivas**

Partner

(M.No. 200487)

Place: Secunderabad

Date: 29.09.2011

for and on behalf of the Board  
for Sampre Nutritions Limited

Sd/-

**(B K GURBANI)**

Chairman & Managing Director

Sd/-

**(MEERA B GURBANI)**

Director

**SAMPRE NUTRITIONS LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDED 31.03.2011**

PARTICULARS	Schedule	<i>Amount in Rupees</i>	
		Year ended 31.03.2011	Year ended 31.03.2010
<b>A. Income</b>			
a. Sales	9	10,44,53,060	4,35,44,465
		<u>10,44,53,060</u>	<u>4,35,44,465</u>
<b>B. Expenditure</b>			
a. Costs & purchases	10	7,66,12,869	2,37,33,875
b. Administrative expenses	11	1,48,02,857	84,20,524
c. Financial charges	12	14,21,526	26,87,927
d. Depreciation	5	80,73,405	75,81,824
e. Preliminary Expenses Written off		1,80,108	1,80,108
		<u>10,10,90,765</u>	<u>4,26,04,258</u>
<b>Net Profit</b>		<b>33,62,295</b>	<b>9,40,207</b>
Provision for Tax - Current Year		10,00,000	3,00,000
<b>Profit after Tax</b>		<b>23,62,295</b>	<b>6,40,207</b>
<b>Balance Profit after Tax</b>		<b>23,62,295</b>	<b>6,40,207</b>
Extra Ordinary Income		-	-
<b>Net Current Year Profit</b>		<b>23,62,295</b>	<b>6,40,207</b>
Add: Previous year profit		2,10,39,926	2,04,56,454
Profit available for Appropriation		2,34,02,221	2,10,96,661
Add/(Less) Deferred Tax Adjustment		-	56,735
<b>Surplus carried to Balance Sheet</b>		<b>2,34,02,221</b>	<b>2,10,39,926</b>

This is the Profit & Loss a/c referred to  
Our report of even date.

**For KJD Srinivas & Co**  
Chartered Accountants  
(Firm No : 053525)

Sd/-

**KJD Srinivas**  
Partner  
(M.No. 200487)

Place: Secunderabad  
Date: 29.09.2011

**for and on behalf of the Board**  
for Sampre Nutritions Limited

Sd/-

**(B K GURBANI)**  
Chairman & Managing Director

Sd/-

**(MEERA B GURBANI)**  
Director

**SAMPRE NUTRITIONS LIMITED**  
**SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENED 31-03-2011**

PARTICULARS	Amount in Rs.	
	AS ON 31.03.2011	AS ON 31.03.2010
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORIZED CAPITAL</b>		
60,00,000 Equity Shares of Rs.10/- each	60,000,000	60,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
48,20,000 Equity Shares of Rs.10/- each	48,200,000	48,200,000
Share application money	3,700,000	3,700,000
	<u>51,900,000</u>	<u>51,900,000</u>
<b>Schedule - 2</b>		
<b>Reserves &amp; Surplus</b>		
State Subsidy	1,500,000	1,500,000
Less Transfer of Balances	(81,02,234)	(26,55,810)
Profit & Loss Account	2,34,02,221	2,10,39,926
	<u>1,67,99,987</u>	<u>1,98,84,116</u>
<b>Schedule - 3</b>		
<b>Secured Loans</b>		
Cash Credit from SBI	-	13,260,465
SBI Funded Interest Term Loan	41,49,207	-
SBI Working Capital Term Loan	71,58,656	-
Term Loan from SBI	18,82,050	38,49,590
Cash Credit from Axis Bank	92,00,347	1,59,76,647
<b>Unsecured loans</b>		
Bk Gurbani	6,82,845	77,26,214
Unsecured Loan from Others	1,47,48,328	4,58,097
Cadbury India Ltd.	27,14,370	27,14,370
SK Sharma & Sons	2,00,000	2,00,000
	<u>4,07,35,803</u>	<u>4,41,85,383</u>
<b>Schedule - 4</b>		
<b>Deferred Tax Liability</b>		
Deferred Tax Liability upto last year	84,57,704	84,00,969
Add / (Less) Adjustments	-	56,735
	<u>84,57,704</u>	<u>84,57,704</u>
<b>Schedule - 6</b>		
<b>Current Assets</b>		
Sundry Debtors	4,64,18,534	4,31,70,362
Interest reserve	41,49,207	-
Cash on hand	5,16,472	43,90,695
Balance with Banks	20,57,864	21,54,485
Deposits	71,46,048	35,95,995
Other advances	7,54,957	18,40,187
	<u>6,10,43,080</u>	<u>5,51,51,725</u>
<b>Schedule - 7</b>		
<b>Current Liabilities &amp; Provisions</b>		
Sundry creditors	2,05,54,481	1,01,80,308
Other payables	20,53,586	(7,83,322)
Provision for tax	13,00,000	3,00,000
Naturally Health products P ltd	86,94,699	60,14,815
Taraka Foods and Confectionery P ltd.	39,79,304	40,59,690
	<u>3,65,82,070</u>	<u>1,97,71,491</u>

**SAMPRE NUTRITIONS LIMITED**  
**SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENED 31-03-2011**

**Depreciation and fixed asset schedule**  
**Schedule : 5**

Assets	Gross block				Depreciation				Net Block	
	Rate	As at 1.4.10	Additions	Sale/ Adjust-	As at 31.3.11	Up to 31.3.10	For the period	Up to 31.3.11	As at 31.3.11	As at 31.3.10
Land	0	2124163			2124163	0		0	2124163	2124163
<b>Buildings</b>	3.34%	29978807	-	-	29978807	12147674	1001292	13148966	16829841	17831133
Office & canteen	1.63%	2237920	-	-	2237920	562369	36478	598847	1639073	1675551
Plant & machinery	4.75%	93658820	6278389	-	99937209	34458743	4546066	39004809	60932401	59200077
Air conditioners	7.07%	4858868	-	-	4858868	4428975	343522	4772497	86371	429893
Electrical Equipments	7.07%	4587740	60611		4648351	3538982	325014	3863996	784355	1048758
Furniture & fittings	6.33%	3891043	-	-	3891043	3204988	246303	3451291	439752	686055
Laboratory equipment	7.07%	1077228	138243	-	1215471	1007269	81389	1088658	126813	69959
Office equipment	7.07%	1747927	22500		1770427	1346392	123822	1470214	300213	401535
Computers & Printers	40%	123441	77140		200581	49092	69215	118307	82274	74349
Vehicles	9.50%	10485307	6045867	191000	16340174	6962042	1166678	8128720	8211454	3523265
Generator	7.07%	1592936			1592936	1293470	112621	1406091	186845	299466
Misc Fixed Assets	7.07%	245828	207279		453107	184042	21005	205047	248060	61786
<b>Total</b>		<b>156610028</b>	<b>12830029</b>	<b>191000</b>	<b>169249057</b>	<b>69184038</b>	<b>8073405</b>	<b>77257443</b>	<b>91991615</b>	<b>87425990</b>

**SAMPRE NUTRITIONS LIMITED**  
**SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

Amount in Rs.

<b>PARTICULARS</b>	<b>AS ON 31.03.2011</b>	<b>AS ON 31.03.2010</b>
<b>Schedule - 8</b>		
<b>Preliminary Expenses Not writtenoff</b>		
Opening balance	16,20,978	18,01,086
Less writtenoff during the year	<u>1,80,108</u>	<u>180,108</u>
	<u><b>14,40,870</b></u>	<u><b>16,20,978</b></u>
<b>Schedule - 9</b>		
<b>Income</b>		
Sales	4,91,81,037	15,41,680
Processing charges	5,49,12,246	41,757,447
Other Income	<u>3,59,777</u>	<u>2,45,338</u>
<b>Total Revenue</b>	<u><b>10,44,53,060</b></u>	<u><b>43,544,465</b></u>
<b>Schedule - 10</b>		
<b>Costs &amp; Purchases</b>		
Raw Packing Material	4,03,09,203	10,52,699
Fuel & power consumption	1,21,27,678	64,75,462
Factory salaries & wages	2,09,39,996	1,27,49,545
Factory expenses	34184	2,10,037
Transport & hamali charges	10,249	55,103
Processing loss & other charges	1,40,398	1,68,818
Repair & Maintenance	<u>30,51,161</u>	<u>30,22,211</u>
	<u><b>7,66,12,869</b></u>	<u><b>2,37,33,875</b></u>
<b>Schedule - 11</b>		
<b>Administrative, Selling &amp; Distribution Expenses</b>		
Advertisement expenses	31,056	47,502
Auditors Remuneration	1,50,000	1,50,000
Bonus	3,19,722	1,87,500
Business promotion expenses	7,50,323	-
Directors remuneration	9,00,000	4,20,000
Electricity charges	1,40,859	1,09,507
General expenses	55,22,640	21,82,123
Insurance charges	2,31,461	1,08,036
Legal, audit & consultancy charges	6,61,554	2,04,428
Memberships and consultancy	-	25,000
Rent	3,60,000	-
Printing & stationary	3,19,761	2,33,761
Rates & taxes	1,38,324	58,535
Salaries & wages	31,23,905	27,70,509
Security services	3,32,741	4,26,888
Staff welfare expenses	10,32,947	6,98,653
Travelling & conveyance	5,80,872	6,48,620
Vehicle repairs & maintenance	2,06,691	1,26,428
Sundry debit balances written off	-	23,033
	<u><b>1,48,02,857</b></u>	<u><b>84,20,524</b></u>

**SAMPRE NUTRITIONS LIMITED**  
**SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

Amount in Rs.

<b>PARTICULARS</b>	<b>AS ON</b> <b>31.03.2011</b>	<b>AS ON</b> <b>31.03.2010</b>
<b>Schedule - 12</b>		
<b>Financial Charges</b>		
Interest on Working capital	13,17,420	25,86,361
Other financial charges	90,998	-
Bank charges	13,108	1,01,566
	<u>14,21,526</u>	<u>26,87,927</u>

## SCHEDULE – 13

### SIGNIFICANT ACCOUNTING POLICIES

#### **BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

(A) The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis. The financial statements have been prepared 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 the 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.

#### **(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:

S.No.	Description	Details
I	Raw Materials & Packing material	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 basis.



**(A) Impairment of Assets**

Management periodically assess using external and internal sources whether there is an indication that an Asset may be impaired. An impairment occurs where the carrying value exceeds the recoverable amount. The impairment loss of the assets net selling price or present value of future cash flows expected to arise from the continuing use of the assets and its eventual disposal.

**(B) 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 the assumption that such benefits are payable to employees at the end of the accounting year.

**(C) 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.

Interest on SBI Working Capital loan is not provided for the financial year.

**(D) Taxes on Income:**

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized on timing differences; being the difference between taxable incomes 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 recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future.

**(E) Provisions:**

Provisions are recognized where there is a present obligations as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which the reliable estimate can be made. These are reviewed at each balance sheet and adjusted to reflect the current best estimate.

## **SCHEDULE - 14**

### **NOTES ON ACCOUNTS**

#### **1. Contingent liabilities not provided for in respect of:**

- a. The company is in receipt of assessment order of Sales Tax for the years 05-06 & 06-07 by not considering the Input tax on the materials which were used in the Job works, against the said assessment order, the company has preferred for appeal before the Deputy Commissioner of Sales Tax, Hyderabad. The Company is expecting a favorable result from the appellate authority.
- b. The company has not paid interest on term loan from State Bank of India, which was transferred to FITL and for the same a reserve is created to meet the future requirements.
- c. For the term loan accounts which were not in operations, the banks/financial institutions did not charged interest in total during the year, hence not provided in the books of accounts.

#### **2. Secured Loans:**

- a. The loans under hire purchase schemes are secured by hypothecation of vehicles owned by the company
- b. The working capital loan of Rs.92 Lakhs from AXIS Bank is primarily secured by first charge on stocks procured against confirmed orders / LC, hypothecation of book debts and export bills and collaterally secured by second charge on the fixed block of the company.
- c. The working capital Term loan limits of Rs.131 Lakhs 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.134 & 137 admeasuring 2119.8 Sq. Mtrs. In S. No. 865/2 situated in Industrial Estate, Medchal RR Dist besides second charge on 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 31<sup>st</sup> March 2011 in respect of Small Scale Industrial Undertakings. It is reported that there are no specific claims on the company from the small scale industrial supplier under the "Interest on Delayed Payments to small Scale and Ancillary Industrial Undertaking Act, 1993" during the said year.

#### **6. Payment to Auditors:**

Particulars	31 <sup>st</sup> March, 2011 (Amount Rs)	31 <sup>st</sup> March, 2010 (Amount Rs.)
Audit fees	100,000	100,000
Tax Audit Matters	30,000	30,000
Certification & Other Services	20,000	20,000
<b>Total</b>	<b>1,50,000</b>	<b>1,50,000</b>

## 7. Director's Remuneration

Particulars	31 <sup>st</sup> March, 2011 (Amount Rs.)	31 <sup>st</sup> March, 2010 (Amount Rs.)
Salary & Allowances to Managing Director	6,60,,000	4,20,,000
Salary & Allowances to Other Directors	2,40,000	-
<b>Total</b>	<b>9,00,000</b>	<b>4,20,000</b>

8. There are no debts outstanding as on 31<sup>st</sup> March 2011 from Directors or other officers of the company other than imprest cash in order to meet running expenses.

## 9. 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 Processing charges, no separate disclosures pertaining to attributable revenues, profits, assets, liabilities and capital employed are given as required under Accounting Standard – 17.

## 10. Deferred Tax Liability

Deferred tax liability as on 01.04.2011 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 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 31-03-2011 is as given below:

Particulars	(Liability) / Asset as on 31.03.2011	Asset / (Liability) for the year	(Liability) / Asset as on 31.03.2010
Timing Differences on account of depreciation of asset	(84,57,704)	Nil	(84,57,704)

## 11. 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.

Particulars	2010-11	2009 – 10
Profit attributable to Equity Share Holders (A)	23,62,295	6,40,207
Basic / Weighted Average Number of Equity Shares outstanding during the year (No. s) (B)	48,20,000	48,20,000
Nominal value of each equity Share (Rs.)	10/-	10/-
Earning Per share	0.49	0.13

**12. Taxes on income**

The company made necessary provision for income tax and fringe benefit tax as per the provisions of income tax act, 1961.

**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

a) Associates:	M/s. Royes Industries Limited M/s. Naturalle Health Products Pvt. Ltd. M/s. Taraka Foods and Confectionery Pvt. Ltd.
b) Key Managerial Personnel	Shri Brahma K Gurbani (MD) Smt Meera B Gurbani (Director)
c) Details of transactions during the year	-

(Rs. in Lakhs)

Particulars	Associates	Key Managerial Personnel	Relatives of Key Managerial Personnel
Remuneration	NIL	9,00,000	-

**14. Disclosure as required under Clause 32 of Listing Agreement.**

Loans and Advance to associates and other related parties in normal course of business:  
(Rs. In Lakhs)

Name of the Company	Amount outstanding as on 31.03.2011	Max. Outstanding during the year
Taraka Food & Confectionery Pvt Ltd	(39.79)	(40.59)
Royes Industries Limited	167.26	167.26
Naturalle Health Products Pvt. Ltd.	(86.95)	(92.15)

15. Previous years figures have been re grouped / and or re arranged wherever necessary to confirm with the current year classification.
16. Provision for accruing liability for Super Annuation / Retirement benefits have been made in the basis of the liability as actually determined as at the year end.
17. Depreciation has been provided on straight line method in accordance with the provision of companies act, 1956.
18. There were no employees drawing remuneration of Rs.24.00lacs or more per annum or Rs.2.00lacs or more per month, if employed for part of the year.
19. Paisa is rounded off to nearest rupee.

**20. Micro and Medium Scale Business Entities**

There are no micro, small and medium enterprises, to whom the company owes, which are outstanding for more than 45 days as at 31<sup>st</sup> March 2011. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

**21. ADDITIONAL INFORMATION pursuant to provisions of para 3, 4C and 4D of part II Schedule VI of the Companies Act, 1956****A. Capacity production, Sales & Stocks**

Sl. No.	Particulars	2010-11		2009-10	
		Value	Quantity	Value	Quantity
a.	Licensed Capacity	N.A.	N.A.	N.A.	N.A.
b.	Installed Capacity (Single shift basis)	N.A.	2400 TPA	NA	2400 TPA

(As certified by Management but not verified by auditors being a technical matter)

Particulars	2010 – 11		2009 – 10	
	Quantity (Kg)	Value	Quantity (Kg)	Value
Opening Stock	54000	20.32	60033	21.85
Production (Sugar based candies)	<b>4832878</b>	N.A.	3210530	N.A.
Closing Stock	54,000	20.32	54000	20.32
Sales – Own product (Sugar based candies Confectionery)	763256	491.81	21300	15.41
Sales – Job work	<b>4069622</b>	<b>549.12</b>	3189230	417.57

The quantitative details indicated above includes production & dispatches made on principal to principal basis and Loan license basis.

(Rs. in Lakhs)

Material Consumed	2010 – 11		2009 – 10	
	Quantity (Kg)	Value	Quantity (Kg)	Value
Raw Material (Nos / Kgs)				
- Sugar	360577	98.87	8120	2.35
- Glucose	541897	119.22	85	2.12
- Flavours & others	25129	58.47	4150	4.1
<b>Total</b>	<b>927603</b>	<b>276.56</b>	<b>20770</b>	<b>8.57</b>
Packing Material (Nos.)				
Primary packing (laminates)	30541	82.46	4973	3.92
Others	-	23.86	-	-
<b>Total</b>	<b>958144</b>	<b>382.88</b>	<b>4973</b>	<b>3.92</b>

B. Value of Imports on CIF Basis	N.A.	25.37	N.A.	N.A.
C. Expenses in Foreign Currency	NIL	N.A.	N.A.	N.A.

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

i. Imported	NIL	NIL
ii. Indigenous	382.88	12.17
iii Percentage	100%	100%

Signature to schedule 1 to 14  
As per our report attached

**For KJD SRINIVAS & CO**  
Chartered Accountants  
(Firm No : 053525)

Sd/-  
**KJD SRINIVAS**  
Partner.  
Membership No: 200487  
Place: Secunderabad  
Date: 29.09.2011

for and on behalf of the Board

Sd/-  
**(B K GURBANI)**  
Chairman & Managing Director

Sd/-  
**(MEERA B GURBANI)**  
Director

**SAMPRE NUTRITIONS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2011**

PARTICULARS	Year ending 31.03.2011	Year ending 31.03.2010
<b>A. Cash Flow From Operating Activities</b>		
Net profit before tax and Extraordinary items	33.62	9.40
<b><i>Adjustments for</i></b>		
Tax Provisions	(10.00)	(3.00)
Depreciation	80.73	75.82
Other income	(3.60)	(2.45)
Miscellaneous expenses (Amortised)	1.80	1.80
<b>Total adjustments</b>	<b>68.93</b>	<b>72.17</b>
<b>Operating profit before Working capital change</b>	<b>102.56</b>	<b>81.57</b>
<b><i>Adjustments for</i></b>		
Current Assets	98.62	(120.31)
Current Liabilities	(168.11)	185.76
Net Adjustments	(69.49)	65.45
Deferred Revenue expenditure	0.00	0.00
Cash Flow before Extraordinary items	33.07	147.02
Extraordinary items	0.00	0.00
Net Cash from operating Activities	33.07	147.02
<b>B. Cash Flow from operating Activities</b>		
Purchase of Fixed assets	(126.39)	(28.99)
Investment Application money		
Other income	3.60	2.45
Net cash used in Investing activity	(122.79)	(26.54)
<b>C. Cash flow from Financing Activities</b>		
Proceeds from Issue of Share capital		
Borrowings (Net)	(34.50)	120.48
Dividend paid		
Net cash from Financing Activities	(89.72)	120.48
Net Increase/(Decrease) in cash & Cash equivalents	(115.46)	55.03
<b>Cash &amp; Cash Equivalents as on 1.4.2010</b>	<b>65.45</b>	<b>2.38</b>
<b>Cash &amp; Cash Equivalents as on 31.3.2011</b>	<b>25.74</b>	<b>65.45</b>

As per our report attached  
**For KJD SRINIVAS & CO**  
Chartered Accountants  
(Firm No : 053525)

Sd/-  
**KJD SRINIVAS**  
Partner.

for and on behalf of the Board

Sd/-  
**(B K GURBANI)**  
Chairman & Managing Director

Sd/-  
**(MEERA B GURBANI)**  
Director

**M/s KJD Srinivas & Co.**  
Chartered Accountants  
Plot No.67, Paigah Colony,  
SP Road,  
Secunderabad -500003

**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 31<sup>st</sup> March, 2011.

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 2011 to the members of the Company.

For **M/s KJD SRINIVAS & CO.,**  
CHARTERED ACCOUNTANTS  
(Firm No : 053525)

PLACE: Secunderabad.  
DATE : 09-09-11

Sd/-  
**KJD SRINIVAS**  
Partner.  
Membership No.200487



**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 : 31-03-2011

**II. Capital Raised during in Year (Amount in Rs, thousands)**

Public Issue	: NIL	Rights Issue	: NIL
Bonus Issue	: NIL	Private Placement	: NIL

**III. Position of Mobiliation and Deployment of Funds (Rs '000)**

Partuculars	Current Year	Previous Year
Total Liabilities	154476	144199
Total Assets	154476	144199
<b>Sources of Funds</b>		
Paid up Capital	48200	48200
Reserves & Surplus	20500	23584
Secured Loans	40736	44185
Un Secured Loans	-	-
Deferred Tax Liabilities	8458	8458
<b>Application of Funds</b>		
Net Fixed Assets	91992	87426
Investments	-	-
Net Current Assets	24461	35380
Misc. Expenditure	1441	1621

**IV. Performance of Company**

Turnover (Gross Revenue)	104453	43544
Total Expenditure	101091	42604
Profit / (Loss) before Tax	3362	940
Profit / (Loss) after Tax	2362	640
Earnings per share in Rs.	0.49	0.13
Dividend Rate %	NIL	NIL

Signature to schedule 1 to 20 As per our report attached

For **KJD Srinivas & Co.,**  
Chartered Accountants  
(Firm No : 053525)

**for and on behalf of the Board**  
for Sampre Nutritions Limited

Sd/-

**KJD SRINIVAS**

Partner

Place: Secunderabad

Date: 09.09.2011

Sd/-

**(B K GURBANI)**

Chairman & Managing Director

Sd/-

**(MEERA GURBANI)**

Director

**SAMPRE NUTRITIONS LIMITED  
SECUNDERABAD – 500 003.**

**ATTENDANCE SLIP**  
20th ANNUAL GENERAL MEETING  
MONDAY, 31ST OCTOBER, 2011 AT 11.00 AM

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 20TH 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:**
- Share holder or Proxy holder attending this meeting must bring this attendance slip to the meeting and hand over at the entrance duly filed and signed.
  - Shareholders or Proxy holders are requested to bring their copy of the Annual Report for reference at the meeting.

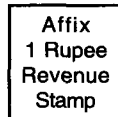
**SAMPRE NUTRITIONS LIMITED  
SECUNDERABAD – 500 003.  
PROXY FORM**

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 \_\_\_\_\_ as my / our proxy to vote for me / us on my / our behalf at the 20th Annual General Meeting of the Company to be held on Monday, the 31st October, 2011 at 11.00a.m. at the Lions Club Conference Hall, LIC Building, Second Floor, Paradise Circle, Secunderabad – 500 003 and any adjournment thereof.

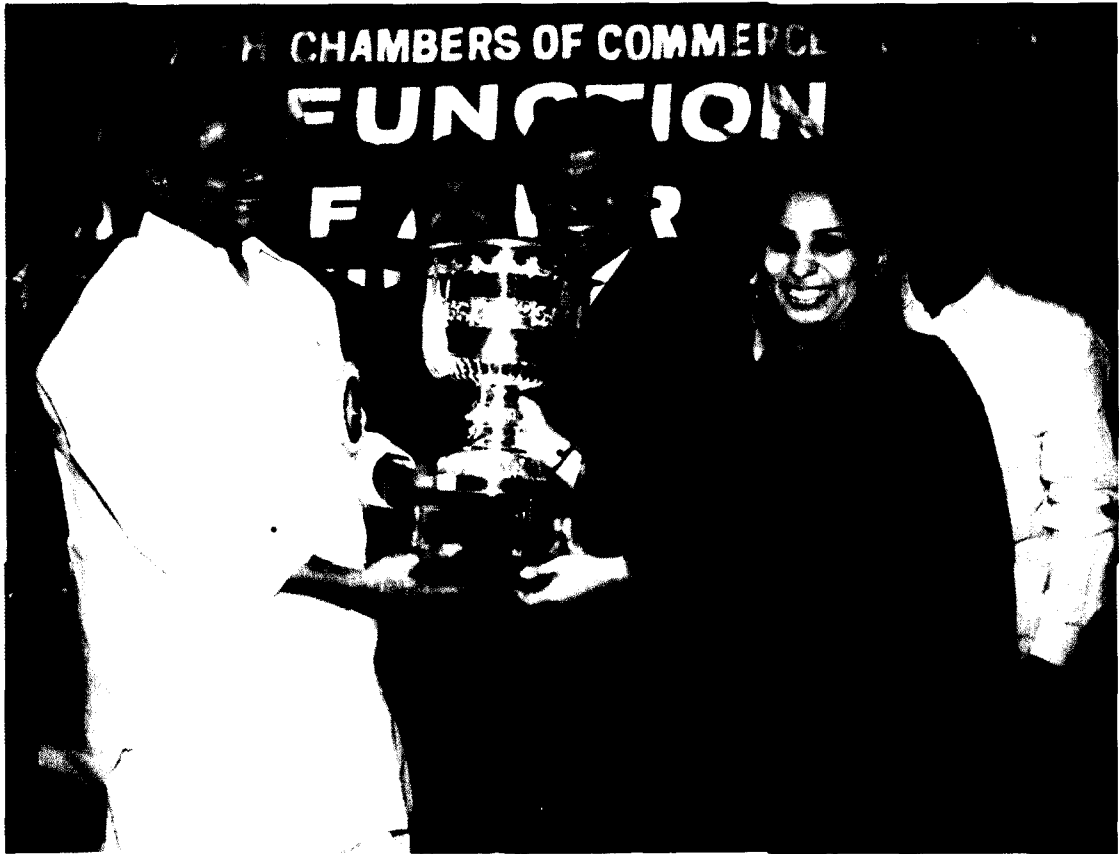
Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2011

Signature \_\_\_\_\_



**Note:**

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



**B K GURBANI**, Chairman along with Director **SARITA B GURBANI** of **SAMPRE NUTRITIONS LIMITED** receiving FAPCCI Award for Innovative product Development from Late. **SHRI Y.S. RAJASEKHARA REDDY**, Hon'ble Chief Minister of Andhra Pradesh

**BOOK POST**

TO,



## **SAMPRE NUTRITIONS LTD**

### **Corporate Office**

III Floor, Kiran Arcade,  
100, S.D. Road, Secunderabad - 500 003.  
Phone : +91 40 27841778 Fax : 27813931  
Email : [bkgurbani@gurbanigroup.com](mailto:bkgurbani@gurbanigroup.com)

### **Works**

133, Industrial Estate,  
Medchal - 501 401, R.R. Dist. A.P., India  
Phone : +91 8418 222427/428 Fax : 222429  
Email : [gurbani@sify.com](mailto:gurbani@sify.com)

**AN ISO 9001 & HACCP CERTIFIED COMPANY**

