

# **TWENTY SECOND ANNUAL REPORT 2004-2005**



**BAMBINO AGRO INDUSTRIES LIMITED**

## BOARD OF DIRECTORS

Shri M. Kishan Rao  
Shri M. Subramanyam  
Shri M. Raghuvier  
Shri S. Ramaswamy  
Shri Rajender Pershad  
Shri Mansoor Yar Khan  
Shri V. Sambasiva Rao

Chairman & Managing Director  
Whole time Director  
Director  
Director  
Director  
Director  
Executive Director (Finance)

## COMPANY SECRETARY

Ms. K. Sandhya Lakshmi

## REGISTERED OFFICE

'E' Block, 104,  
4<sup>th</sup> Floor, Surya Towers,  
S.P.Road,  
Secunderabad - 500 003

## ADMINISTRATIVE OFFICE

'F' Block, 104,  
2<sup>nd</sup> Floor, Surya Towers,  
S.P.Road,  
Secunderabad - 500 003

## MANUFACTURING FACILITIES

Bibinagar, Bhongir Mandal,  
Nalgonda District,  
Andhra Pradesh

Begumpur Khatola Village,  
Gurgaon,  
Haryana

## AUDITORS

PRV Associates  
Chartered Accountants  
Hyderabad

## BANKERS

State Bank of India,  
Commercial Branch,  
Bank Street. Koti,  
Hyderabad

Indian Overseas Bank,  
Adarshnagar Branch,  
Hyderabad

## TWENTY SECOND ANNUAL GENERAL MEETING

Day : Wednesday  
Date : 28th September, 2005  
Time : 10:15 am  
Venue : Zoroastrian Club,  
Opp. Anand Theatre, S.P. Road,  
Secunderabad - 500 003

## LISTING

The equity shares of the Company are listed  
at the Mumbai Stock Exchange Ltd., Mumbai

CONTENTS .....	Page No.
Notice of Annual General Meeting .....	1
Directors' Report .....	4
Annexure to Directors' Report .....	6
Report on Corporate Governance .....	10
Auditors' certificate on Corporate Governance .....	17
Auditors' Report .....	18
Balance Sheet .....	21
Profit and Loss Account .....	22
Notes on Accounts .....	29
Cash Flow Statement .....	34

**BAMBINO AGRO INDUSTRIES LIMITED****NOTICE**

Notice is hereby given that the Twenty Second Annual General Meeting of the members of Bambino Agro Industries Limited will be held on Wednesday, the 28th September, 2005 at Zoroastrian Club, Opp. Anand Theatre, S.P. Road, Secunderabad - 500 003, at 10.15 AM, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March 2005 and Balance Sheet as on that date together with the report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri. S. Rama Swamy, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. Rajender Pershad, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS:**

5. Appointment of Mr. V. Sambasiva Rao as a Director of the Company

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

"RESOLVED that Mr. V. Sambasiva Rao who was appointed by the Board of Directors as an Additional Director of the Company with effect from 28<sup>th</sup> October 2004 and who holds office upto the date of the forthcoming Annual General Meeting of the company in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the company has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company who shall not be subject to retirement by rotation until such time that he is the Executive Director of the Company."

6. Appointment and Remuneration of Executive Director (Finance) of the Company

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time or as re-enacted, the Company hereby approves the appointment and terms of remuneration of Mr. V. Sambasiva Rao as Executive Director (Finance) of the Company for a period of

three years with effect from 28<sup>th</sup> October 2004 upon the terms and conditions set out in the Agreement entered into with him, which Agreement is hereby specifically approved with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Board of Directors and Mr. V. Sambasiva Rao."

7. Re-appointment of Whole-Time Director of the Company

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

"RESOLVED that subject to the provisions of Section 269 and all other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time or as re-enacted, and subject to obtaining other requisite approvals, if any, the consent of the Company is hereby accorded to the re-appointment of Mr. M. Subramanyam as Whole-Time Director of the company for a further period of five years with effect from 1<sup>st</sup> October 2004, without any remuneration."

8. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956; the Articles of Association of the company be and are hereby amended to the extent and in the manner set out hereunder

The following Article 65A shall be inserted after existing Article 65

**Article : Postal Ballot**

- i. The Company shall be entitled to pass resolutions by postal ballot relating to such specified business, till such time the shares of the company are listed on all stock exchanges pursuant to the rules, regulations and guidelines prescribed by the Securities and Exchange Board of India.
- ii. No member is entitled to vote by postal ballot unless all calls or other sums presently payable by him in respect of shares in the company have been paid.
- iii. Subject to the above, and also subject to the provisions of Section 192A of the Companies Act, 1956 or corresponding provisions, the rules, regulations and guidelines prescribed by the Government of India, or any other authority, for the time being in force, the company may get any resolution relating to such business as the Central Government may, by notification,



## ANNUAL REPORT 2004-05

declare to be conducted only by postal ballot, passed by means of a postal ballot, instead of transacting the business in general meeting of the company.

Explanation: For the purpose of this Article, "Postal Ballot" includes voting by electronic mode.

**By order of the Board of Directors**

**M. Subramanyam**  
Whole Time Director

Secunderabad  
Date: 27.07.2005

### NOTES:

- 1) The relative Explanatory Statements, pursuant to Section 173 of the Companies Act, 1956, in respect of business under Item Nos. 5 to 7 above, are annexed hereto. The relevant details of persons seeking appointment as Directors under Item Nos. 5 to 7 above, as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges are given in the Directors' Report.
- 2) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.** Proxies in order to be effective must be duly completed and stamped and received at the registered office of the company not later than 48 hours before the time fixed for the meeting. Proxies, submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/ authority as applicable, issued on behalf of the nominating organization.
- 3) Members / Proxies are requested to bring the attendance slip enclosed herewith duly filled in, for attending the meeting.
- 4) Members are requested to send or deliver all documents / correspondence relating to the company's share transfer activity only to the Registrars & Share Transfer Agents of the company.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 25th September to 28th September, 2005, both days inclusive.

4. Members seeking any information/clarification on the Accounts are requested to send in written queries to the company, at least one week before the date of the meeting to enable the management to provide replies at the meeting.
5. Members/Proxies are requested to bring their copy of the Annual Report to the Meeting. As a measure of economy, copies of the Annual Report will not be provided at the meeting.
6. Unclaimed dividend for the year 1996-97 has been transferred to the Investor Education and Protection Fund of the Central Government and the unclaimed dividend for the year 1997-98 will be transferred to the said fund as under.

Financial Year	Date of Declaration	Due date of Transfer
1997-98	30.09.1998	29.09.2005

Members who have not encashed their dividend warrants pertaining to these years may have their warrants revalidated by sending them to the Registered office of the company. It may be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund, no claim shall lie against the company.

**By order of the Board of Directors**

**M. Subramanyam**  
Whole Time Director

Secunderabad  
Date: 27.07.2005

### EXPLANATORY STATEMENT

Pursuant to Section 173 (2) of the Companies Act, 1956  
Item No.5:

Mr. V. Sambasiva Rao was appointed as Additional Director of the Company on 28<sup>th</sup> October 2004. As per the provisions of Section 260 of the Companies Act, 1956, he holds office only upto the date of the forthcoming Annual General Meeting of the company, and is eligible for appointment. The Company has received notice under Section 257 of the Companies Act, 1956, in respect of him, proposing his appointment as a Director of the Company, along with the requisite deposit.

Your Directors recommend the resolution for approval of members. Mr. V. Sambasiva Rao may be deemed to be interested in the resolution relating to his own appointment.

**Item No.6:**

The Board had by a resolution passed on 28<sup>th</sup> October 2004 appointed Mr. V. Sambasiva Rao as Executive Director (Finance) of the Company for a period of three years effective 28<sup>th</sup> October 2004.

Mr. V. Sambasiva Rao, 55, who presently is the Executive Director (Finance) of the company, has joined Bambino on 28.06.2000 as Head (Finance & Accounts). He is a qualified Chartered Accountant and has three decades of experience in Finance and Accounts.

Keeping in view the qualification and experience of Mr. Sambasiva Rao, the Board is of the view that his appointment as Executive Director (Finance) will be beneficial to the company.

The principal terms and conditions of service of Mr. Sambasiva Rao are as follows:

1. a. **SALARY** :
  - Basic : 35,490/- (Rupees Thirty Five Thousand Four Hundred and Ninety Only) per month
  - Special Pay : 5,324/- (Rupees Five Thousand Three Hundred and Twenty Four Only) per month
2. **PERQUISITES** : Perquisites shall be restricted to an amount equal to the annual salary.
  - a. House Rent Allowance: 14,195/- per month
  - b. Medical Reimbursement: Expenses incurred by the Executive Director and family subject to a ceiling of Rs.30,000/- in a year.
  - c. Leave Travel Concession: Rs. 30,000/- for the Executive Director and his family once in a year.
  - d. Children Education Allowance: RS.3,600/- per annum
  - e. Books & Periodicals : RS.6,000/- per annum.
  - f. (i) Company's Contribution towards provident fund as per rules of the Company.
  - (ii) Gratuity as per rules of the company.

The above perquisites stated in f(i) and f(ii) shall not be included in the computation of the aforesaid ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.

g. Earned Leave: On full pay and allowances and perquisites as per the rules of the company. Encashment of leave at the end of the tenure shall not be included in the computation of the aforesaid ceiling on perquisites and/or salary.

h. Car for use on Company's business and telephone at residence shall not be considered as perquisites.

In compliance with the provisions of Section 309 of the Companies Act, 1956, the terms of appointment specified above are now being placed before members in General Meeting for approval.

Your Directors recommend the Resolution for the approval of the members.

Mr. V. Sambasiva Rao may be deemed to be interested in the resolution.

**Item no. 7:**

At the Annual General Meeting held on 27<sup>th</sup> December 1999, Mr. M. Subramanyam was appointed as Wholtime Director for a term of 5 years from 1<sup>st</sup> October 1999 without remuneration. Later on effective from 1<sup>st</sup> October 2000, with the approval of members, a salary of Rs.22,000/- per month in addition to commission and other standard perquisites were being paid.

The Board of Directors of the company at their meetings held on 28<sup>th</sup> October 2004 and 27<sup>th</sup> July 2005 have, subject to the approval of the shareholders, re-appointed Mr. M. Subramanyam as Whole time Director for a further period of 5 years from 1<sup>st</sup> October 2004, without any remuneration.

Your Directors recommend the resolution for approval of the members.

Mr. M. Kishan Rao, Mr. M. Raghuveer and Mr. M. Subramanyam, Directors may be deemed to be concerned or interested in the resolution.

**Item No.8:**

The Companies (Amendment) Act, 2000 has inserted a new section 192A, as per which companies have to follow postal ballot procedure for passing certain resolutions as specified by the Central Government from time to time. Therefore, amendment of Articles of Association is necessary for inserting the provisions of the above-mentioned Section.

Your Directors recommend the resolution for approval of the members.

None of the directors is concerned or interested in any way in the above-proposed resolution.



**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting their TWENTY SECOND Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March 2005. The financial year under review was for 12 months whereas the previous financial year was for 9 months. Therefore, the figures given below are not directly comparable:

**FINANCIAL PERFORMANCE:**

(Rs. in Lakhs)

PARTICULARS	Year ended 31 <sup>st</sup> March, 2005 (Twelve Months)	Period ended 31 <sup>st</sup> March, 2004 (Nine Months)
Sales and Other Income	9907.94	7333.17
Profit / (Loss) before Depreciation, Financial Expenses and Tax	864.73	597.21
Less: Financial Expenses	560.08	471.92
Profit/(Loss) after Financial Expenses but before Depreciation & Tax	304.65	125.29
Less: Depreciation	272.08	206.69
Profit / (Loss) before Tax	32.57	(81.41)
Provision for Tax :		
Current Tax	-	-
Deferred Tax	(13.44)	24.97
Net Profit/(Loss) after Tax	19.12	(56.43)

Though the country's GDP growth was healthy during the year, it was a challenging year for the FMCG sector. The percentage of consumer spending on consumer goods did not grow in line with industry expectations due to significant diversion of consumer disposal income into Housing, Automobiles, House furnishing, consumer durables etc.

The industry continues to operate in an over supply situation. The rural unemployment and falling rural income are also factors for low demand growth for the company's products.

The market environment in the FMCG sector is highly competitive and margins continue to be under pressure. The performance of the company has to be viewed against the backdrop of the above-mentioned overall industry scenario. Despite the unfavourable conditions, your company could turnaround the operations. The Gross Profit margin has improved marginally from 8.14% to 8.72% this year. With focused market penetration and concerted efforts being made by the management in cutting down costs, the company is hopeful of improved overall performance in the coming financial year.

**DIVIDEND**

In view of insufficiency of profits for the year ended 31<sup>st</sup> March 2005, your Directors regret their inability to recommend any dividend.

**REPLY TO AUDITORS OBSERVATION  
(Under Clause 4 (f) of their Report)**

The company has approached the Financial Institutions for modifying the Negotiated Settlement Package earlier approved by them duly restructuring the debt and reducing the rate of interest. As on the date of the Balance Sheet, approval has been received from IDBI and approval of IFCI Ltd. was awaited. Pending approval to the modified negotiated settlement scheme with IFCI Ltd., interest has been provided as per the modified scheme submitted to IFCI for approval which is under active consideration.

**SCHEME OF ARRANGEMENT AND  
RECONSTRUCTION BETWEEN THE COMPANY,  
ITS SHAREHOLDERS AND ITS CREDITORS**

The modified scheme of arrangement and reconstruction is awaiting approval from IFCI Ltd., which is expected to be received shortly. Once the approval is received from IFCI Ltd., Company will be seeking the approval of the shareholders to the proposed Scheme of Arrangement and Reconstruction pursuant to the provisions of Section 391 & 392 of the Companies Act, 1956 at the General Meeting to be convened as per the orders of Hon'ble High Court of Andhra Pradesh.

**DIRECTORS**

Mr. RamaSwamy and Mr. Rajender Pershad, Directors of the company retire by rotation and are eligible for re-appointment.

Pursuant to the requirements of the Listing Agreement of Stock Exchanges on Corporate

**BAMBINO AGRO INDUSTRIES LIMITED**

Governance, the information about the Directors proposed to be re-appointed is as follows:

1. Mr. S. RamaSwamy was re-appointed at the AGM held on 26-12-2003. He is a retired Government Servant and does not hold directorship in any other company.
2. Mr. Rajender Pershad was appointed as additional Director in the year 2003 and confirmed as a Director retiring by rotation at the AGM held on 26-12-2003. He is a retired Government Servant and does not hold directorship in any other company.

**AUDITORS**

M/s. PRV Associates, Chartered Accountants, Hyderabad, retire at this Annual General Meeting and are eligible for re-appointment. Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits specified in Section 224 (1B) of the Companies Act.

**FIXED DEPOSITS**

The Company has not invited any deposits from the public in terms of Section 58A of the Companies Act, 1956.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 217(2AA) of the Companies Act, 1956, your Directors hereby declare and confirm that:

- a. applicable accounting standards have been followed in the preparation of accounts for the year ended 31<sup>st</sup> March, 2005.
- b. 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 a true and fair view of the state of affairs of the company at the end of year and of the loss of the company for the year under review.
- c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. the Board further confirms that the accounts of the company for the year ended 31<sup>st</sup> March 2005 have been prepared on a going concern basis.

**REPORT ON CORPORATE GOVERNANCE**

Report on Corporate Governance together with the certificate of Auditors on the same as required under Clause 49 of the Listing Agreement are annexed and form part of this Report.

**MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis Report as required under Clause 49 of the Listing Agreement are annexed and form part of this Report.

**CONSERVATION OF ENERGY**

Disclosure of particulars with respect to conservation of energy required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of the particulars in respect of Board of Directors) Rules, 1988 is given in Form 'A' forming part of this Report.

**TECHNOLOGY ABSORPTION**

The details in Form "B" as required under Section 217 (1) (e) of the Companies Act, 1956 read with relevant rules as amended from time to time form part of this report.

**PARTICULARS OF EMPLOYEES**

No employee of the company was in receipt of remuneration in excess of the sum prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 during the financial year 2004-05.

**ACKNOWLEDGEMENTS**

Your Directors wish to place their sincere appreciation for the support and co-operation that the company has received from its bankers, term lending financial institutions, customers, suppliers, stockists, selling agents, Central and State Governments, other statutory authorities and others associated with the company. Your Directors also wish to place on record their appreciation to employees at all levels for their commitment. Last but not the least, your Directors wish to acknowledge the continued support and confidence reposed in the management by the shareholders.

For and on behalf of the Board of Directors

M. Kishan Rao  
Chairman

Place: Secunderabad  
Date: 27.07.05



# ANNUAL REPORT 2004-05

## ANNEXURE TO DIRECTORS' REPORT

Additional information as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1998

### CONSERVATION OF ENERGY

#### A. Energy conservation measures taken:

- (i) Energy efficient systems adopted to improve energy conservation.
- (ii) Use of Light Diesel Oil (LDO) in place of High Speed Diesel Oil to reduce energy cost.

#### B. Additional investment and proposal being considered for reduction of consumption of energy:

Conversion of systems for switching over from high cost fuel to low cost fuel planned.

#### C. Impact of measures at (A) and (B) above for reduction of energy consumption and consequent impact on the cost of production of goods.

The benefits of the measures at (A) and (B) have partly accrued and additional benefits are expected to be realized in the coming years.

### FORM A

Form for Disclosure of particulars with respect to conservation of energy

	2004-05 (12 months period)	2003-04 (9 months period)
<b>A. Power and Fuel consumption</b>		
<b>1 Electricity</b>		
a. Purchased Units (KWH)	5012056	3399462
Total Amount (Rs.)	19798906	13953043
Rate/Unit (Rs.)	3.95	4.10
b. Own Generation		
Through diesel generator (Units)	1899338	2545988
Total Amount (Rs.)	14961876	15780553
Rate/Unit (Rs.)	7.88	6.20
<b>2 Coal Quantity (tonnes)</b>	NOT APPLICABLE	
Total Cost (Rs.)		
Average Rate (Rs.)		
<b>3 HSD/LDO Consumption for Boiler/Utilities</b>		
Quantity (Ltrs.)	758396	322254
Total Cost (Rs.)	17859419	6576359
Average Rate (Rs.)	23.55	20.41
<b>B Consumption per unit of production</b>		
Production – Pasta and Wheat products (MTS)	60983	46134
Electricity (KWH/Production)	113.33	128.87



**BAMBINO AGRO INDUSTRIES LIMITED****FORM - B**

Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R&amp;D)

- |   |   |    |  |
|---|---|----|--|
| 1 | Specific areas in which R&D carried out by the Company      | 1. | Pasta Variants - Pasta in various attractive shapes and sizes.                   |
|   |   | 2. | Improvements in Pasta Products and Packaging.                                    |
| 2 | Benefits derived as a result of above R&D                   | 1. | Improved quality of package and product.   |
|   |   | 2. | Improved volume of product sales.  |
| 3 | Future plan of Action                                       | 1. | To manufacture Pasta with masala mix for quick cooking and convenience.          |
|   |   | 2. | To make a product for consumption of diabetic persons and improvement of health. |
| 4 | Expenditure on R&D  |    |  |
|   | a) Capital  |    | Nil  |
|   | b) Recurring  |    | Nil  |
|   | c) Total  |    | Nil  |
|   | d) Total R& D Expenditure as a percentage of total turnover |    | Not Applicable   |

**Technology Absorption, Adoption and Innovation**

- |   |  |   |
|---|--|---|
| 1 | Efforts in brief made towards technology absorption, adoption and innovation   | Technology absorbed   |
| 2 | Benefits derived as a result of above efforts, eg. Product development, import substitutions etc.  | Indigenous spares developed for several imported parts/components |
| 3 | In case of imported technology (imported during the last 5 years reckoned from the beginning of the current financial period ) following information may be furnished: | Not Applicable  |
|   | a) Technology imported   |   |
|   | b) Year of import  |   |
|   | c) Has technology been fully absorbed  |   |
|   | d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action   |   |

**Foreign Exchange Earnings and Outgo**

- |   |                         |                 |
|---|-------------------------|-----------------|
| 1 | Foreign Exchange earned | Rs. 30, 02, 270 |
| 2 | Foreign Exchange used   | Rs. 13,13,631   |



## ANNUAL REPORT 2004-05

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### Operational and Financial Performance during the year:

The performance in respect of production, sales & financial parameters for the year 2004-05 in comparison to last year is as follows:

S. No.	Item	Year ended	Nine months
		31-Mar-2005	Period ended 31-Mar-2004
1	Production - MT	60983	46134
2	Sales - MT	60524	46313
3	Sales Turnover (Rs. Lakhs)	9861.23	7247.70
4	Profit Before Interest & Depreciation	864.73	597.21
5	Net Profit after tax	19.12	(56.43)

The company is working out a financial restructuring scheme with financial institutions.

Financial restructuring together with improvement in sales volume of products shall contribute to overall improved performance in the coming years.

#### Industrial Scenario:

As Indian market is still gaining prominence in the backdrop of new lifestyle products, the future prospects of food processing industry is bright. The market for premium Pasta products in India is primarily an urbane one but rural areas are also being explored with the improved electronic media and distribution channels. The size of the market for value added and premium Pasta products is thus expected to increase. However, the market for vermicelli remains highly competitive with new entrants resorting to cut throat competition thereby reducing margins on Vermicelli sales. However, the company

is geared to face the situation and improve its margins through focused market penetration, improved marketing strategy and improved quality of the product.

#### Opportunities & threats:

Various opportunities available to Bambino that can be explored include creation of awareness in the rural market for Pasta products. Bambino is aggressively pursuing the market for sale of these Pasta products.

The threat perceptions for the Company that can be visualized are severe competition from new entrants who resort to undercutting of prices and rise in the volume of imported Pasta products. However, Bambino is advantageously placed in view of its higher market share, strong marketing network, better quality of its products, customers' Brand loyalty and economical pricing of company's products in comparison with imported Pasta products.

#### Future outlook:

The focus for the future would be quality improvement, enlarge customer base in rural markets and concentration on export market.

The company would pursue the following strategy, to capture the emerging opportunities in the market:

1. expand the selling and distribution network
2. enlarge customer base in the rural market
3. thrust in R & D to bring out more varieties into the market
4. improve and make attractive, the packing of the products
5. adherence to quality standards