

TWENTY FIFTH ANNUAL REPORT 2007-2008

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BAMBINO AGRO INDUSTRIES LIMITED

BOARD OF DIRECTORS

Mr. M. Raghuveer
 Mr. M. Subramanyam
 Mr. P. Eshwar Das
 Mr. Mansoor Yar Khan
 Mr. Rajender Pershad

: Chairman
 : Wholtime Director
 : Excutive Director (Marketing)
 : Director
 : Director.

COMPANY SECRETARY

Mr. C. Durga Prasad

REGISTERED OFFICE

'E' Block, 104, 4th Floor
 Surya Towers, S.P.Road,
 Secunderabad-500003
 Website: www.bambinoagro.com

ADMINISTRATIVE OFFICE

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

MANUFACTURING FACILITIES

Bibinagar, Bhongir Mandal,
 Nalgonda District,
 Andhra Pradesh.

Begumpur Khatola Village,
 Gurgaon,
 Haryana.

DEPOSITORY REGISTRARS

M/s. Karvy Consultants Private Limited
 Karvy House, 46, Avenue 4,
 Street No.1, Banjara Hills,
 Hyderabad - 500 034

AUDITORS

M/s. PRV Associates
 Chartered Accountants
 Hyderabad

BANKERS

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

Indian Overseas Bank
 Adarshnagar Branch,
 Hyderabad.

IDBI Bank Limited
 Basheerbagh
 Hyderabad

TWENTY FIFTH ANNUAL GENERAL MEETING

Day : Wednesday
 Date : 24th, December 2008
 Time : 11 A.M.
 Venue : Zorastrian Club,
 Opp. Anand Theatre, S.P. Road,
 Secunderabad - 500 003.

LISTING

The equity shares of the Company are listed at
 The Bombay Stock Exchange Limited

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BAMBINO AGRO INDUSTRIES LIMITED**NOTICE**

Notice is hereby given that the Twenty Fifth Annual General Meeting of Bambino Agro Industries Limited will be held on Wednesday, the 24th December, 2008 at 11 AM at ZORASTRIAN CLUB, Opp: Anand Theatre, S.P.Road, Secunderabad - 500 003 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Profit & Loss Account for the period ended 30th September, 2008 and Balance Sheet as at 30th September, 2008 together with Schedules and Annexures thereto and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr.Mansoor Yar Khan who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr.Rajender Pershad who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s.PRV Associates, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and authorize the Board to fix their remuneration.

Special Business

5. Appointment of Mr.P.Eshwar Das as a Director of the Company

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

"RESOLVED THAT Mr.P.Eshwar Das who was appointed as Additional Director of the Company by the Board of Directors with effect from 12th September 2008 pursuant to Article 104 of the Articles of Association of the Company and who holds office up to the date of the forthcoming Annual General Meeting under Section 260 of the Companies Act, 1956, being eligible for re-appointment and in respect of whom the Company has received a notice together with the required deposit under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as 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 of Mr.P.Eshwar Das as Executive Director (Marketing) 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.P.Eshwar Das as Executive Director (Marketing) of the Company for a period of three years with effect from 12th September 2008 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.P.Eshwar Das".

By Order of the Board of Directors
of Bambino Agro Industries Limited

Place: Secunderabad
Date: 26-11-2008

(C.Durga Prasad)
Company Secretary

**ANNUAL REPORT 2007-08****NOTES :**

1. The relative Explanatory Statements, pursuant to Section 173 of the Companies Act, 1956, in respect of business under Item Nos. 5 & 6 above, are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES, TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective should be lodged not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will be closed from 18th December 2008 to 24th December 2008 (Both days inclusive).
4. Members are requested to intimate immediately any change in their address to the Share Transfer Agents and in case their shares are held in dematerialised form, this information should be passed on to their respective Depository Participants without any delay.
5. Members / Proxies are requested to bring the copies of Annual Report to the meeting and attendance slip enclosed herewith duly filled in for attending the meeting.
6. Members desirous of obtaining any information / clarification concerning the accounts and operations of the company are requested to send their queries to the Company at least seven days before the date of meeting to enable the management to provide the information sought at the meeting.

Requirement under the Listing Agreement:

Pursuant to the requirement of paragraph VII (F) of Clause 49 of the Listing Agreement, the required information pertaining to the Directors on their appointment / re-appointment is furnished below :

Mr.Mansoor Yar Khan

Mr.Mansoor Yar Khan, 80 years is Retired Army Officer having vast experience in General Administration & Management. He does not hold any outside Directorships.

Mr.Rajender Pershad

Mr.Rajender Pershad, 67 years is Retired IPS Officer having rich and vast experience in Legal and General Administration & Management. He does not hold any outside Directorships.

Mr.P.Eshwar Das

His profile is mentioned in the explanatory statement to the notice and to avoid duplication, the same is not repeated here. He does not hold any outside Directorships.

By Order of the Board of Directors
of Bambino Agro Industries Limited

(C.Durga Prasad)
Company Secretary

Place: Secunderabad
Date 26-11-2008

BAMBINO AGRO INDUSTRIES LIMITED**EXPLANATORY STATEMENT**

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

Item No.5 & 6

Mr.P.Eshwar Das who was appointed as an Additional Director in terms of Section 260 of the Companies Act, 1956 by the Board of Directors on 12th September 2008, holds office upto the date of this Annual General Meeting of the Company. Notice under Section 257 of the Companies Act, 1956 along with the requisite deposit has been received from a member of the Company proposing his candidature for the office of the Director of the Company not liable to retire by rotation.

Mr.P.Eshwar Das is a Graduate from Kerala University and has held several senior positions in the last 38 years in various FMCG Indian Companies and Multinationals. Mr.P.Eshwar Das was awarded the International Award of Mr.Tiger in the year 1997 from the management of Amrutanjan and was selected as a top professional marketer by IMM in 1999. He is also recipient of International Hindurathna Award by the Government of Thailand for turn around of an Indian company in 2001. He had widely travelled and has indepth knowledge of all the Indian and global markets in wide range of products. In short span of time, he has made significant contributions to the company in implementing various marketing and business strategies His contributions have been invaluable. In recognizing of his accomplishments and also keeping in view, his enriched expertise and knowledge, the Board of Directors have appointed him as Additional Director.

The Board of Directors have also appointed Mr.P.Eshwar Das as an Executive Director (Marketing) with effect from 12th September 2008 for a period of 3 years. The terms of appointment, remuneration and perquisites are as follows:

1. a. SALARY

Basic : Rs.55,595/- (Rupees Fifty five thousand five hundred ninety five Only) per month

Special Pay : Rs.11,986/- (Eleven thousand nine hundred and eighty six Only) per month

2. PERQUISITES : Perquisites shall be restricted to an amount equal to be annual salary.

a. House Rent Allowance : Rs. 22,390/- (Rupees Twenty two thousand three hundred and ninety Only) per month

b. Medical Reimbursement : Expenses incurred by the Executive Director and family subject to a ceiling of Rs.55,000/- (Rupees Fifty five thousand Only) in a year

c. Leave Travel Concession : Rs.60,000/- (Rupees Sixty thousand Only) for the Executive Director and his family once in a year.

d. Books & Periodicals : Rs.12,000/- (Rupees Twelve thousand Only) per annum.

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e. (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 e(i) and e(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.

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.

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

The appointment is effective from 12th September 2008 and the remuneration detailed above is payable from 2nd October, 2008.

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..

Save and except Mr.P.Eshwar Das, none of the other Directors of the company is, is in any way, concerned or interested in the resolution as set out in Item 5 & 6.

The Board commends the resolution set out in Item No.5 & 6 of the Notice for your approval.

BY ORDER OF THE BOARD OF DIRECTORS
of Bambino Agro Industries Limited

(C.DURGA PRASAD)
COMPANY SECRETARY

Secunderabad
Date: 26-11-2008

BAMBINO AGRO INDUSTRIES LIMITED**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting their **Twenty-Fifth Annual Report** for the Financial period ended 30th September 2008. The Financial Year under review was extended by 6 months from 31st March 2007 to 30th September 2008 after obtaining requisite approvals and therefore the Accounts of the Company presented are for a period of Eighteen Months from 1st April 2007 to 30th September 2008.

FINANCIAL RESULTS

Particulars	(Rs. In lacs)	
	Period Ended 30.09.2008 (18 Months)	Year Ended 2006-07 (12 Months)
Sales and other Income	22605.00	13188.22
Profit / (Loss) before Depreciation, Financial Expenses, Tax and other Adjustments	1154.38	790.52
Less: Financial Expenses	565.03	554.79
Profit / (Loss) before Depreciation, Tax and Other adjustments	589.35	235.73
Less : Depreciation	565.03	277.84
Profit before Tax and other adjustments	119.76	(42.11)
Provisions for Tax :		
Current Tax	(33.87)	(3.70)
Deferred Tax	(37.31)	(21.52)
Fringe Benefit Tax	(12.24)	(9.84)
Net Profit/Loss after Tax and before other adjustments	36.34	(77.17)
Add: Written back of earlier year's interest provision on OTS with Institutions	1315.92	--

Profit after tax and other adjustments	1352.26	(77.17)
Less: Excess TDS written off	(30.20)	--
Profit after tax and other adjustments	1322.06	(77.17)

PERFORMANCE HIGHLIGHTS

During the period under review, the company has shown improved performance. There has also been increase in the number of customers serviced both in domestic and in the overseas market. The business continued to face inflationary pressure of raw materials, packing materials , rising interest cost intensely competitive environment and yet the company posted satisfactory performance through operational and procurement efficiencies, productivity improvement, cost reduction programmes aided by strong consumer off take.

BUSINESS OUTLOOK:

After several years of strong GDP growth, the Indian Economy is witnessing a slow down impacted by the global economic recession. However the food processing sector has been unaffected by the global crisis and the consumer spends on the food are increasing .With the changes in life styles and food habits, there is more consumption of pasta products both in rural and urban markets. The increasing trend in the international prices of pasta products has also benefitted India becoming a outsourcing hub and this would drive the Company's export growth. The current year exports are already witnessing a robust growth. The company would pursue a strategy to exploit the profitable growth opportunities by increasing the consumption of pasta products by leveraging the inherent brand strength and yours Directors hope to report better results in 2008-09.

FINANCIAL RESTRUCTURING

The company successfully completed One Time Settlement (OTS) with term lending institutions namely IDBI and IFCI Limited.



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The members are aware that the Hon'ble High Court of Andhra Pradesh vide orders passed on 6th March 2007 approved the Scheme of Arrangement with the shareholders and secured creditors. Pursuant to the scheme of arrangement, the Board of Directors at their meeting held on 14th August 2008 derated their holdings by 10% from 4087567 equity shares of Rs.10/- each to 3678810 equity shares of Rs.10/- each. Simultaneously, the Board has also allotted at par 2247736 equity shares of Rs.10/- each to the promoters by converting their unsecured loans to equity pursuant to the scheme of arrangement. The financial restructuring and the one time settlement with the Financial Institutions is hoped would drive the company to successfully turn around its operations

DIVIDEND

In view of the insufficiency of profits and keeping in view the present financial position of the company, your Directors express their inability to recommend dividend during the year.

DIRECTORS

The Board of Directors feels grieved to inform the sad and sudden demise of Mr.S.Ramaswamy, who was one of the Directors of the company. He passed away on 15th February 2008 after continuous illness. The Board condoles the demise of Mr.S.Ramaswamy and expresses sympathies to his bereaved family.

Mr.Mansoor Yar Khan and Mr.Rajender Pershad Directors of the Company retire by rotation and being eligible, offers themselves for re-appointment.

With a view to strengthen the Board and guide the company in its future endeavours to consolidate its operations, Mr.P.Eshwar Das, President of the company was appointed as Additional Director of the company with effect from 12th September 2008. He holds office upto the date of the forthcoming Annual General Meeting U/s 260 of the Companies Act. Notice has been received from a member U/s 257 of the Act proposing his appointment as a Director.

AUDITORS

The Auditors M/s.PRV Associates, Chartered Accountants, Hyderabad, who retire at the ensuing Annual General Meeting of the Company, are eligible for re-appointment as Statutory Auditors of the Company till the next Annual General Meeting. The Company has received their willingness for re-appointment as auditors of the Company and furnished a Certificate under Section 224 (1B) of the Companies Act, 1956.

FIXED DEPOSITS

Your Company has not accepted any Deposits from the public during the year pursuant to Section 58A of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956 the Directors confirm that:

- I. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- II. The Directors had 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 the financial year and of the loss of the company for that period.
- III. The Directors had 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 fraud and other irregularities.
- IV. The Directors had prepared the annual accounts on a going concern basis.

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

Pursuant to the provisions of Clause 49 of the Listing Agreement, a report on Management

BAMBINO AGRO INDUSTRIES LIMITED

Discussion & Analysis is set out in Annexure and forms part of this report.

**CONSERVATION OF ENERGY & TECHNOLOGY
ABSORPTION, FOREIGN EXCHANGE
EARNINGS AND OUTGO**

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 report 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 from 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 2007-08.

REPORT ON CORPORATE GOVERNANCE

Pursuant to the provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, a report on the Corporate Governance, which inter alia, includes the

composition and construction of Audit Committee, is featuring as a part of Annual Report. Your Company will continue to adhere in letter and spirit to the good corporate governance policies. Pursuant to the provision of Clause 49 (VII) (1) of the Listing Agreement, a certificate from the auditors of the Company on the compliance of the Clause is enclosed.

CEO'S DECLARATION

Pursuant to the provisions of Clause 49(I)(D)(ii) of the Listing Agreement, a declaration by the Chairman and Managing Director of the Company declaring that all the members of the Board and the Senior Personnel of the Company have affirmed compliance with the Code of Conduct of the Company is enclosed.

ACKNOWLEDGEMENT

Yours Directors wish to place their sincere appreciation for the support and co-operation that the Company has received from its Shareholders, Bankers, Customers, Suppliers, Stockists, Selling Agents, Central and State Governments, various Statutory Authorities and others associated with the Company. The Board particularly places on record their sincere thanks and appreciation for kind consideration shown by IDBI and IFCI in arriving at the One Time Settlement of their dues.

Your Directors also wish to place on record their appreciation to employees at all levels for their commitment, hard work and dedicated support.

**For and on behalf of the Board of Directors
of Bambino Agro Industries Limited**

M.Raghuveer
Executive Chairman

M.Subramanyam
Whole Time Director

Place: Secunderabad
Date 26-11-2008



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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 reduce energy cost..
- 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 measures initiated have resulted in reduction of Hot Water generation cost and also *energy cost significantly.*

Form - A

Form for Disclosure of particulars with respect to conservation of energy:

	2007-08	2006-07
a. Power and Fuel consumption		
1. Electricity		
a. Purchased Units (KWH)	8965340	6383962
Total amount (Rs.)	37245378	24279902
Rate/Unit (Rs.)	4.15	3.80
b. Own Generation		
Through diesel generator (units)	4070185	1876219
Total Amount (Rs.)	39138832	16017814
Rate/Unit (Rs.)	9.62	8.54
2. Coal Quantity (tones)	NOT APPLICABLE	
Total Cost (Rs.)		
Average Rate (Rs.)		
3. HUSK Quantity (tonnes)	3201.472	1388.872
Total cost (Rs.)	7102800	1845812
Average Rate (Rs.)	2218.60	1329.00
4. HSD/LDO Consumption for Boiler/Utilities		
Quantity (Ltrs)	1385224	497475
Total Cost (Rs.)	42261433	13387664
Average Rate (Rs.)	30.51	26.91
B Consumption per unit of production		
Production - Pasta & wheat	115435	69990
Products (MTS)		
Electricity (KWH/Production)	112.593	118.02