

TWENTY EIGHTH ANNUAL REPORT 2010 - 2011



BAMBINO AGRO INDUSTRIES LIMITED

BOARD OF DIRECTORS

Mr.M.Kishan Rao	:	Chairman and Managing Director
Mr. M.Raghuveer	:	Wholetime Director
Mr.M.Subramanyam	:	Wholetime Director
Mr.P.Easwara Das	:	Executive Director (Marketing)
Mr.Mansoor Yar Khan	:	Director
Mr.S.Nageswara Rao	:	Director
Dr.S.Venkataraman	:	Director (with effect from 10th September 2011)

COMPANY SECRETARY

Mr.C.Durga Prasad

REGISTERED OFFICE

'E' Block, 104, 4th Floor
Surya Towers,
S.P.Road, Secunderabad-500003
Tel: 040-44363322

ADMINISTRATIVE OFFICE

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

MANUFACTURING FACILITIES AT :

- 1) Bibinagar, Bhongir Mandal,
Nalgonda District, Andhra Pradesh.
- 2) 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.

TWENTY EIGHTH ANNUAL GENERAL MEETING

Day	:	Thursday
Date	:	29th December 2011
Time	:	11.00 A.M
Venue	:	Zorastrian Cub, Opp: Anand Theatre Secunderabad - 500003

LISTING

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

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NOTICE

Notice is hereby given that the Twenty Eighth Annual General Meeting of Bambino Agro Industries Limited will be held on Thursday, the 29th December, 2011 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, 2011 and Balance Sheet as at 30th September 2011 together with Schedules and Annexures thereto and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr.S.Nageswara Rao who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s.PR.V 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

- 4 To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT Dr. S.Venkatraman who was appointed as Additional Director of the company by the Board of Directors with effect from 10th September 2011 under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice together with the requisite 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 whose period of office shall be liable to determination by retirement by rotation.

- 5 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 re-appointment and terms of remuneration of Mr.P.Easwara Das as Executive Director (Marketing) of the Company for a period of three years with effect from 12th September 2011 upon the terms and conditions set out in the Explanatory Statement annexed hereto, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment including the remuneration, perquisites and benefits in such manner as may be agreed to between the Board of Directors and Mr.P.Easwara Das provided such variation is within the overall limits laid down in the relevant provisions of Companies Act and Schedule XIII thereto".

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

Place: Secunderabad
Date : 21st November, 2011

C.Durga Prasad
Company Secretary

NOTES:

The relative Explanatory Statements, pursuant to Section 173 of the Companies Act, 1956, in respect of business under Item Nos. 4 & 5 above, are annexed hereto.

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.

The Register of Members and Share Transfer Books of the Company will be closed from 23rd December 2011 to 29th December 2011 (Both days inclusive).

Members are requested to intimate immediately any change in their address to the Share Transfer Agents and in case their shares are held in dematerialized form, this information should be passed on to their respective Depository Participants without any delay.

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.

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 :

Dr.S.Venkataraman

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.

Mr.P.Easwara 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**

Place: Secunderabad
Date : 21st November, 2011

C.Durga Prasad
Company Secretary

ANNEXURE TO NOTICE DATED 21ST NOVEMBER 2011

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.

Item No.4

Dr.S.Venkataraman, aged 67 years holds the following Academic and Professional qualifications namely M.Sc (Pharmacology) in the faculty of medicine, Diploma in Higher Education, M.D (Alternative Medicine) & Ph.D (Pharmacology) in the faculty of Medicine. He has 33 years of teaching and research experience in Pharmacology/Toxicology of natural products, single and polyherbal Siddha and Ayurvedic products. He is recipient of many prestigious awards. He holds various positions in many scientific organizations. His rich experience will benefit the company in developing health related food products.

Item No.5

Mr.P.Easwara Das aged 61 years was appointed as an Executive Director (Marketing) for a period of 3 years with effect from 12th September 2008. The Board of Directors recommended for approval to the members the reappointment of Mr P.Easwara Das as Executive Director(Marketing) for a further period of 3 years from 12th, September 2011 on the terms and conditions hereinafter appearing.

Mr.P.Easwara Das is a Graduate from Kerala University and has held several senior positions in the last 40 years in various FMCG Indian Companies and Multinationals. He has made significant contributions to the company in implementing various marketing and business strategies leading to increased sales and profitability

The terms of appointment, remuneration and perquisites are as follows:

Tenure of Appointment : 3 years with effect from 12th September 2011

Remuneration, Perquisites and benefits as under : with retrospective effect from 1st April 2010

1. a. SALARY

Basic	: Rs.100000/- (Rupees One Lakh Only) per month
Special Pay	: Rs.15000/- (Fifteen thousand only) per month
Personal Pay	: Rs 25645/- (Rs Twenty Five Thousand Six Hundred Forty Five Only)
2. PERQUISITES : Perquisites shall be restricted to an amount equal to be annual salary.
 - a. House Rent Allowance : Rs. 40000/- (Rupees Forty thousand Only) per month
 - b. Medical Reimbursement : Rs.100,000/- (Rupees One Lakh Only) in a year
 - c. Leave Travel Concession : Rs.100,000/- (Rupees One Lakh Only) for the Executive Director and his family once in a year.
 - d. Books & Periodicals : Rs.2500/- per month.
 - 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.

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.Easwara Das, none of the other Directors of the company is in any way concerned or interested in the resolution as set out in Item 5.

The Board recommends the resolution for your approval.

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

Place: Secunderabad
Date : 21st November, 2011

C.Durga Prasad
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Twenty Eighth Annual Report together with audited accounts of the Company for the year ended 30th September 2011.

(Rs. in lacs)

FINANCIAL RESULTS		
Particulars	Year Ended 30.09.2011	Year Ended 30.09.2010
Sales and other Income	20160.04	20246.58
Profit / (Loss) before Depreciation, Financial Expenses, Tax and other Adjustments	1582.37	1248.57
Less: Financial expenses	973.55	842.70
Profit / (Loss) before Depreciation, Tax and Other adjustments	608.82	405.87
Less: Depreciation	332.52	157.26
Profit before Tax and other adjustments	276.30	248.61
Provision for Tax:		
Current Tax	(130.25)	(59.69)
Deferred Tax	40.15	(26.40)
Net Profit/Loss after Tax and other adjustments	186.20	162.52

COMPANY PERFORMANCE AND BUSINESS OUTLOOK

During the period under review, the company has shown improved performance. Net Sales for the period are higher than the prior period reflecting gradual volume growth. Steady improvement in profitability continued with profit after tax up by 15% versus previous period and profit before tax up by 11% versus the previous period. 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 commodity prices, rising interest cost, intensely competitive environment and yet the company posted satisfactory performance through operational and procurement efficiencies, productivity improvement through plant modernization initiatives, cost reduction programmes driven by strong off take across all market segments, enhanced distribution reach and innovative new product offerings. The company is pursuing a strategy to exploit the profitable growth opportunities by increasing the per capita consumption of pasta products by leveraging the inherent brand strength. Healthy Instant Pasta has been launched during the period and the response from the consumers is encouraging. Range of dietary functional foods has been developed and extended trials are underway. New pasta variants have been developed and the company hopes to roll out these products in the current year. The Company is working on developing nutritionally rich and convenient products under health and wellness platform which would suit the requirements of various age groups. The company has been successful in increasing sales to Defence Canteens. The Nutrition Department of the company has intensified activities in educating the consumers about the nutritional values of wheat based products. During the period under review, in line with the company's strategy to expand its market share has added additional pasta plant capacity of 4800 MT per annum. The plant was commissioned on 5th August 2011.

On the current business outlook, there is high domestic inflation coupled with continuous hike in fuel prices, frequent increase in the lending rates, rupee depreciation and intense competition remains a challenge. However, strong domestic demand, good monsoon, new product offerings should help the company in improving its performance. Going forward, the company will strive to continue to remain competitive, cost efficient and deliver profitable growth.

DIVIDEND

Keeping in view the present financial position of the company, your Directors express their inability to recommend dividend during the year.

DIRECTORS

Mr.S.Nageswara Rao, Director of the Company retires by rotation and being eligible, offers himself for re-appointment.

Dr.S.Venkataraman was appointed as Additional Director of the company with effect from 10th September 2011. He holds office upto the date of the ensuing Annual General Meeting. The company has received a notice under Section 257 of the Companies Act, 1956 from a shareholder of the Company, together with the requisite deposit, signifying his intention to propose the name of Dr.S.Venkataraman for appointment as Director of the Company.

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 Discussion & Analysis is set out as an 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 and the Companies (Particulars of Employees) Amendment Rules, 2011 during the year 2010-11.

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

Your 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.

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**

Place: Secunderabad
Date : 21st November, 2011

M.Kishan Rao
Chairman and Managing Director

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:

	2010-11	2009-10
A. Power and Fuel consumption		
1. Electricity		
a) Purchased Units (KWH)	90,88,168	73, 19,020
Total amount (Rs.)	4,39,35,122	3, 10, 61,228
Rate/Unit (Rs.)	4.83	4.24
b) Own Generation		
Through diesel generator (units)	6,57,398	12, 67,954
Total Amount (Rs.)	1,01,77,484	142, 02,245
Rate/Unit (Rs.)	15.48	11.20
2. Coal Quantity (tonnes)	NOT APPLICABLE	
Total Cost (Rs.)		
Average Rate (Rs.)		
3. Husk		
Quantity (tonnes)	3333.47	3,183.759
Total cost (Rs.)	97,49,478	91,72,576
Average Rate (Rs.)	2,924.72	2,881.05