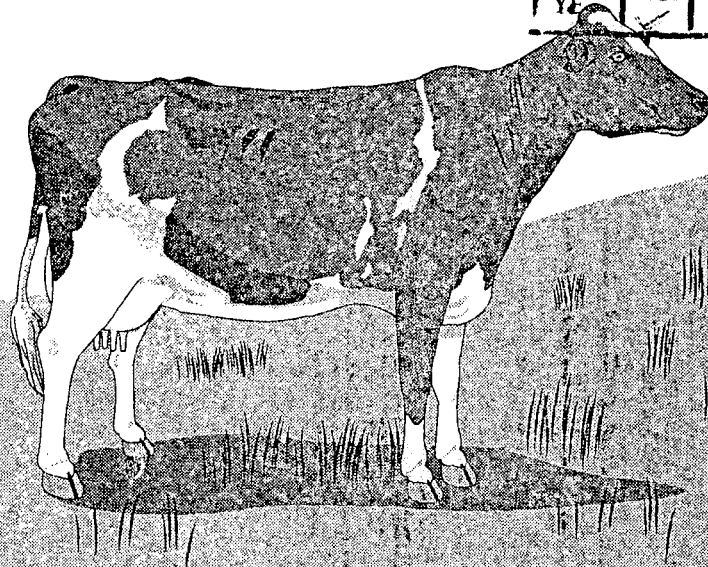


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MD	<input checked="" type="checkbox"/>	BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>	DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>	DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>	AG	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	SPH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



*Swojas Energy Foods Limited*

# **SWOJAS ENERGY FOODS LIMITED**

**5th ANNUAL REPORT : 1997-98**

## **BOARD OF DIRECTORS**

<b>GIORGIO LACOVARA</b>	CHAIRMAN & MANAGING DIRECTOR
<b>DR. FRANCESCO GIUFFREDI</b>	NOMINEE DIRECTOR OF PARMALAT S.p.A
<b>ANGELO UGOLOTTI</b>	NOMINEE DIRECTOR OF PARMALAT S.p.A
<b>NUGGEHALLI J. KESHAVDAS</b>	NOMINEE DIRECTOR OF PARMALAT S.p.A
<b>ASHISH R. SHAH</b>	NOMINEE DIRECTOR OF PARMALAT S.p.A
<b>ASHUTOSH R. SHAH</b>	DIRECTOR
<b>CAPT. R. K. SHAH</b>	DIRECTOR
<b>SNEHAL SHAH</b>	NOMINEE DIRECTOR OF UTI.

## **AUDITORS :**

### **Bhootra & Mitragotri**

Chartered Accountants  
Flat No. 6, 2nd Floor, 320/1, Somwar Peth,  
Opp. Shahu Tank, PUNE 411 011

## **NEW REGISTERED OFFICE**

( w.e.f.1st July, 1998 )

S. No. 106-A/1, Plot No. 17  
Nirmiti Chambers,  
Off Senapati Bapat Road  
Shivajinagar, PUNE 411 016

## **FACTORY :**

Gat No. 328/1-1, Village Sarvad  
Taluka & District Dhule - 424001  
MAHARASHTRA

## **SECURITIES LISTED AT :**

THE STOCK EXCHANGE, MUMBAI  
PUNE STOCK EXCHANGE LIMITED  
THE STOCK EXCHANGE, AHMEDABAD

- Listing fees paid for 1998-99
- Listing fees paid for 1998-99
- Listing fees not paid for 1998-99

## NOTICE

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of Swojas Energy Foods Limited will be held on Thursday, 10th day of December, 1998 at Hotel Aurora Towers, 9, Moledina Road, Pune 411 001 at 10.00 a.m to transact the following business :

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 together with the Profit and Loss Account for the year ended on that date and the Report of the Board of Directors' and Auditors' thereon.
- To appoint a Director in place of Mr. Ashutosh R Shah who retires by rotation and being eligible, offers himself for re-appointment as a Director of the Company.
- To appoint a Director in place of Mr. N . J. Keshavdas who retires by rotation and being eligible, offers himself for re-appointment as a Director of the Company.
- To consider and if thought fit to pass with or without modification/s the following Resolution as an Ordinary resolution:  
"RESOLVED THAT M/s.Price Waterhouse & Co., Chartered Accountants, Mumbai be and are hereby appointed as Auditors of the Company in place of M/s. Bhootra & Mitragotri, Chartered Accountants, the retiring auditors, who have convened their unwillingness for re-appointment. M/s.Price Waterhouse & Co., will hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting and their remuneration be payable be decided by the Board of Directors."

**SPECIAL BUSINESS :**

- To consider and if thought fit to pass with or without modification/ s the following Resolution as an Ordinary Resolution.  
"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310, 311 and Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956 and pursuant to the approval received from Government of India, Ministry of Finance, Department of Company Affairs, New Delhi vide their letter No. 1/252/97-CL.VII dated 23rd March, 1998 the Company do hereby accord its approval to the appointment of Mr. Giorgio Lacovara as a Managing Director of the Company for a period of Five years with effect from 5th November, 1997 on the following terms and conditions with a liberty to the Board of Directors to decide, alter, vary and modify the terms and conditions of the said appointment without any further reference to the Members of the Company in General Meeting during the tenure of his appointment.

**REMUNERATION:**

- Salary: Rs. 1,34,000/- per month inclusive of all allowances.

**PERQUISITES :****CATEGORY A:**

- Housing I : The expenditure by the Company on hiring furnished accommodation for the Managing Director will be subject to the following ceiling :  
60 % of the salary over and above 10 % payable by the Managing Director.
- Medical reimbursement : Expenses incurred by the Managing Director and his family subject to a ceiling of one months salary in a year or three months salary over a period of three years.
- Fees of clubs: Subject to a maximum of two clubs. This will not include admission and life membership fees.
- Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs. 4000/-.
- Earned Leave: On full pay and allowances as per Rules of the Company, but not exceeding one month's leave for every eleven months of service.
- Leave Travel Concession : Return passage for self and family in accordance with the rules specified by the Company where it is proposed that the leave be spent in home country instead of anywhere in India.

Explanation : Since the appointee is the Ex-patriate Managerial person the perquisite mentioned above at Clause 6 of Category A is not to be included in the computation of the ceiling on remuneration.

**CATEGORY B :**

- Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of ceiling on perquisites to the extent of these either singly or put together are not taxable under the Income Tax Act. Gratuity payable shall not exceed half a months' salary for each completed year of service.
- Encashment of leave at the end of the tenure will not be included in the computation on ceiling on perquisites.

**CATEGORY C:**

- Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Use of car for private purpose and personal long distance calls on telephone shall be billed by the Company to the Managing Director.

The Managing Director, so long as he function as such, shall not be paid any sitting fees for attending any Meetings of the Board of Directors or Committee thereof.

The Company shall reimburse to the Managing Director entertainment, travelling and all other expenses incurred by him for the business of the Company.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any year during the tenure of office of Managing Director, the Company will pay to him the same remuneration as a minimum remuneration."

- To consider and if thought fit to pass with or without modification/s the following Resolution as a Special Resolution:  
"RESOLVED THAT pursuant to Section 370 of the Companies Act, 1956 the Board of Directors of the Company be and is hereby authorised on such terms and conditions as it may think fit, to make any loan/s, or to give any guarantee/s or to provide any security in connection with a loan made by any other person to, or to any other person by, any body corporate whether or not under the same management as the Company, provided that the outstanding aggregate amount of the loan/s so made and/or guarantee/s so given and/or securities so provided shall not at any one time exceed Rs. 9,00,00,000/- ( Rupees Nine Crores only)."

By Order of the Board of Directors,

Sd/-

Giorgio Lacovara

Chairman & Managing Director

Place : Pune

Date : 12 th November, 1998.

**NOTES :**

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- Proxies in order to be effective must be lodged with the Company at its registered office not less than 48 hours before the meeting.
- The Explanatory Statement as required under section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
- The Register of Members and Share Transfer Books of the Company were closed from Tuesday, 15th September, 1998 to Thursday, 17th September, 1998 ( both days inclusive ).
- Shareholders are requested to take note of the change of registered office address of the Company for all their communications.

## ANNEXURE TO THE NOTICE

Explanatory statement as required under section 173 (2) of the Companies Act, 1956.

**Item No. 4 :**

Company has received a letter dated 10th November, 1998 from M/s. Bhootra & Mitragotri, Chartered Accountants Pune, Auditors of the Company expressing their unwillingness for re-appointment as a Auditors of the Company at the forthcoming Annual General Meeting. Accordingly, the said letter was taken on record by the Board of Directors at their meeting held on 12th November, 1998.

Pursuant to the provisions of Section 224 of the Companies Act, 1956 the Board recommends the appointment of M/s. Price Waterhouse & Co., Chartered Accountants, as Auditors of the Company. If appointed, they will hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting. The Company has received a certificate in writing from M/s. Price Waterhouse & Co., that if appointed as Auditors of the Company the same will be in accordance with the limits specified in sub-section (1B) of Section 224 of the Companies Act, 1956. The Board recommends their appointment.

**Item No. 5 :**

The Board of Directors in their meeting held on 5th November, 1997 have appointed Mr. Giorgio Lacovara as Chairman and Managing Director of the Company. The said appointment was subject to the approval of the Central Government and members of the Company on the terms and conditions mentioned in the resolution set out at item No. 6 of the Notice. The Company has received the approval from Government of India, Ministry of Finance, Department of Company Affairs, New Delhi vide their letter No. 1/252/97-CL.VII dated 23rd March, 1998. A copy of the said approval and draft of agreement to be entered into with the Managing Director are open for inspection by the members of the Company at the registered office of the Company during the business hours on any working day.

Mr. Giorgio Lacovara has rich and related experience for more than 30 years in the dairy Industry. He is associated with our foreign collaborators for more than 2 decades. Under his leadership, the Company will be able to achieve its targets and also tap the foreign markets for its products. Therefore it will be in the best interest of the Company to confirm the appointment and remuneration payable to Mr. Giorgio Lacovara as a Managing Director of the Company. Board recommends the resolution set out at item No. 5 of the Notice for your approval.

Mr. Giorgio Lacovara, being appointee is concerned or interested in this resolution.

None of the other Directors are concerned or interested in this resolution.

This may be treated as abstract of the terms and conditions of agreement of appointment of Managing Director under section 302 of the Companies Act, 1956.

**Item No. 6 :**

Pursuant to the provisions of Section 370 of the Companies Act, 1956 the Company may make any loan or give any guarantee or provide any security in connection with a loan made by any other person or to any other person by any body corporate to the Companies under the same management after the same is approved by the members. Our Company may be required to extend loan/s or give guarantee/s or provide any security for operational needs. Therefore Board recommends the resolution set out at item No. 6 of the notice for your approval.

The Directors who are directors in other companies to which the said loan/s may be made or guarantee/s may be given or securities may be provided are deemed to be concerned or interested in this resolution.

By Order of the Board of Directors,

Sd/-

Place : Pune

Giorgio Lacovara

Date : 12th November, 1998.

Chairman & Managing Director

**DIRECTORS' REPORT**

To,

The Members,

Your Directors have pleasure in presenting their Report together with the Audited Accounts of the Company for the year ended March 31st, 1998.

**Operations :** In November, 1997 the main problem was to revive the Company by restoring production, sales, supplies and recruiting and training people to fill up vacancies which existed. Company aggressively pursued this program and this resulted into increase in sales from Rs. 9 lacs (October, 1997) to Rs. 2.3 crores by this year end. By that time it was considered possible to achieve break even by mid 1998 through production and sale of Skimmed Milk Powder, Dairy Mix, Ghee and Liquid Milk. From 1st April to 1st June, 1998 some extraordinary and unpredictable events put the Company in a difficult situation.

The cost of raw cow milk increased by 29% and the one of buffalo milk by 36%. It was impossible to pass this cost increase to consumers through products. Also an excise duty of 8 % was imposed on the branded Dairy Products. It affected the procurement and distribution process. The Company has subsequently revised its production and sales strategy by introducing new products which will be launched by December '98.

**Finance**

At the moment of take over by Parmalat in October, 1997 Company received 84 mn Rupees in cash. It was not enough to repay all the loans, the outstanding debts with suppliers and to provide for the working capital. Thus a new loan was arranged from Citibank with the guarantee of Parmalat. So doing we had repaid all the loans to institutions and banks. An important effect of these financial moves was to reduce the interest for the loans from 22 % to 16 %.

The accumulated losses of the Company as on 31st March, 1998 exceeded 50 % of the Company's net worth. These accumulated losses have led the Company to potential sickness. Hence in order to overcome potential sickness additional capital was brought in by Parmalat S.p.A. Italy. During the month of October, 1998 Company has issued and allotted 14.5 mn Equity Shares to M/s. Parmalat S.p.A. Italy on preferential basis. Out of these proceeds Company have repaid Term Loan of Rs. 69.6 mn obtained from Citibank bearing 16 % interest rate.

**Change in Accounting Year**

The accounting year of your parent Company ends on 31st December each year, therefore accounting year of our Company is required to be changed to end on 31st December each year. Accordingly the Board of Directors in their meeting held on 19th May, 1998 have decided to change the accounting year to end on 31st December. The next accounting year will be of 9 months period from 1st April, 1998 to 31st December, 1998.

**Change in Registered Office**

The registered office of the Company was shifted to its own premises situated at the following address with effect from 1st July, 1998 :

S. No. 106-A/1, Plot No. 17

Nirmiti Chambers, Off. Senapati Bapat Road

Shivajinagar, Pune 411 005 ( Maharashtra ).

**Information as per Clause 43 of the Listing Agreement**

As required under Clause 43 of the Listing Agreement, a statement showing comparison of actual performance with the projected performance as per prospectus dated 23rd January, 1995 ) for the year ended 31st March, 1998 is given below :

Particulars	Projections ( Rs. in mn )	Actuals ( Rs. in mn )
Net Sales	497.80	90.99
Operating Profit / (Loss )	35.60	(66.54)
Profit / ( Loss ) after tax	31.30	(66.54)
EPS ( Rs.)	4.71	N.A
Book Value of Equity Share (Rs.)	15.67	4.71

The Company could not achieve the projected turnover due to scarcity of funds during the first seven months. Subsequent re-entry in the market after a gap of almost 7 months kept Company's activities at a low ebb.

**Organisation**

The Company issued and allotted 8,395,850 Equity Shares at par to Parmalat S.p.A Italy on preferential basis in the month of October, 1997. The parent Company has nominated seven Directors on the Board. Consequently, there is change in Management of the Company. Further in the month of October, 1998 Company has issued and allotted 14.5 mn Equity Shares to Parmalat S.p.A. Italy on preferential basis. The present stake of Parmalat S.p.A. Italy is 73.95 % of the total paid up share capital.

**Public Deposits**

The Company has not accepted any deposits from the public and Shareholders during the year under review.

**Directors**

Parmalat S.p.A., Italy nominated Fausto Tonna, Dr. Francesco Giuffredi, Giorgio Lacovara, Aldo Camorani, Angelo Ugolotti, Nuggehali J. Keshavdas, Ashish R. Shah as nominee directors on the Board.

The Company has received resignation from Dr. Tej Kuchroo, from the office of Director of the Company. The Financial Institutions namely, SICOM & ICICI Ltd. have also withdrawn nomination of L. D. Thawani, T.A.N Devaikar and Dr. P. H. Vaidya. During the year Parmalat S.p.A., has also withdrawn the Nomination of Fausto Tonna and Aldo Camorani.

The Board conveyed its sincere thanks to the Directors who have ceased to be the Directors of the Company for their kind co-operation during their tenure of office as a Directors.

Mr. Giorgio Lacovara was appointed as Chairman and Managing Director of the Company with effect from 5th November, 1997 for a period of five years.

In accordance with the Articles of Association of the Company Ashutosh R. Shah and N. J. Keshavdas, Directors of the Company are liable to retire by rotation and being eligible they offer themselves for reappointment.

**Auditors**

Company has received a letter dated 10th November, 1998 from M/s Bhootra & Mitragotri, Chartered Accountants, Auditors of the Company expressing their unwillingness to be reappointed as the Auditors of the Company at the forthcoming Annual General Meeting. The said letter was taken on record by the Board of Directors in their meeting held on 12th November, 1998.

The Board of Directors recommends the appointment of M/s. Price Waterhouse and Co., Chartered Accountants, Mumbai as Auditors of the Company in place of the retiring auditors. The Company has received a certificate from M/s. Price Waterhouse and Co., that if appointed as Auditors of the Company, the same will be in accordance with the limits specified in sub-section (1B) of Section 224 of the Companies Act, 1956.

**The Conservation of Energy, Technology absorption and Foreign Exchange Earnings and Outgo**

The information required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies ( Disclosure of Particulars in the Report of the Board of Directors ) Rules, 1988 with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure 'A' and forms part of this Report.

**Particular of Employees**

The particulars of employees as required to be disclosed under Section 217(2A) of the Companies Act, 1956 read with the Companies ( Particulars of Employees ) Rules, 1975 are set out in Annexure 'B' and forms part of this Report.

**Acknowledgment**

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions and the Banks, during the year under review.

Your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers of the Company.

For and on behalf of the Board of Directors

Sd/-

Giorgio Lacovara

Chairman & Managing Director

Place : Pune

Dated : 12th November, 1998

## Annexure 'A' to Directors' Report

Information required under the Companies ( Disclosure of Particulars in the Report of the Board of Directors ) Rules, 1988.

## FORM A

Form for disclosure of particulars with respect to conservation of energy.

**A. Conservation of Energy :**

The Company has already installed efficient equipments while establishing the plant as to improve power factor and reduce power consumption. Also, there are continuous and systematic efforts to optimises energy consumption and reduce energy costs through evaluation of performance.

## 1) Power and fuel Consumption :

## i. Electricity consumption :

	CurrentYear	Previous year
Total No. of units :	1139755 units.	1306712 units.
Total amount paid :	Rs. 4,475,185/-	Rs.4,572,053
Per unit cost :	Rs. 3.93 per unit.	Rs. 3.50
For the period from :	01/04/97 to 31/03/98.	01.04.96 to 31.03.97

## ii. Own generation :

	CurrentYear	Previous year
Total Electricity generated through		
D. G. Set :	58433 units.	39164 units.
Total Cost Spent :	Rs. 2,34,724/-	Rs.1,65,173/-
Per Unit cost :	Rs. 4.017 per unit.	Rs. 4.217 per unit

**B. Technology absorption, adaption and innovation :**

There is no technology absorption, adaption during the year under review.

**C. Foreign Exchange earnings and outgo:**

There were no foreign exchange earnings and outgo during the year under review.

## Annexure 'B' to Directors' Report

A) None of the Employees were in receipt of remuneration of not less than Rs. 3,00,000/- per year, who were employed throughout the financial year in terms of Section 217 (2A) (i) of the Companies Act, 1956.

B) Following are the details of Employees employed for part of the financial year, who were in receipt of remuneration at a rate of not less than Rs. 25,000/- per month in terms of Section 217 (2A) (i) of the Companies Act, 1956.

1.	Name	: Giorgio Lacovara
	Gross Remuneration	: Rs. 877,313/-
	Designation	: Chairman & Managing Director
	Nature of Employment	: Contractual
	Nature of duties	: Overall management of the Company
	Qualification	: Engineer
	Experience	: 30 years.
	Date of commencement of employment	: 5th November, 1997.
	Age	: 58 years.
	Previous employment	: Parmalat, Russia.
2.	Name	: Aldo Camorani
	Gross Remuneration	: Rs. 1,135,177/-
	Designation	: Chief Executive
	Nature of Employment	: Contractual
	Nature of duties	: Overall management of the Company
	Date of commencement of employment	: 16th December, 1997.
	Age	: 56 years.
	Previous employment	: Consultant

**AUDITOR'S REPORT TO THE MEMBERS OF SVOJAS ENERGY FOODS LIMITED**

We have audited the attached Balance Sheet of "SVOJAS ENERGY FOODS LIMITED" as at 31st March, 1998 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto which are in agreement with the books of account and report thereon as follows :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit.
3. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books.
4. In our opinion and to the best our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view :
  - (i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1998; and
  - (ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.

For Bhootra and Mitragotri  
Chartered Accountants,

Place : Pune  
Date : 29.06.1998

D.P.Sabne,  
Partner

**Annexure to the Auditors' Report  
(Referred to in paragraph (1) of our Report of even date)**

1. The Company is maintaining proper records showing full particulars of quantitative details and situation of fixed assets. These have been physically verified by management at regular intervals and no discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. According to the information and explanations given to us stocks of raw materials, stores and spare parts and finished goods were physically verified during the year by the Management at reasonable intervals.
4. In our opinion, procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. No material discrepancies have been noticed on physical verification of stocks as compared to book records.
6. On the basis of our examination of stocks records the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles.
7. In our Opinion, the rate of interest and other terms and conditions on which loans have been taken from the parties listed in the register maintained under Section 301 of the Companies Act, 1956 or companies under the same management as defined under Section 370 (1B) of the Companies Act 1956, are not, prime facie, prejudicial to the interest of the company

8. In our opinion the rate of interest and other terms and conditions on which loans have been granted to the parties listed in the register maintained under Section 301 of the Companies Act, 1956 or companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956, are not, prima facie, prejudicial to the interest of the Company.
9. We were informed that parties to whom the loans and advances in the nature of loans have been given by the company are repaying the principle amounts and interest as stipulated.
10. There are adequate internal control procedures commensurate with the size of the company and the nature of the business as regards purchases of stores, raw materials including components, plant and machinery, equipments and other assets and for sale of goods.
11. According to the information and explanations given to us the purchases of store, raw materials and components during the year exceeding Rs. 50,000/- in value for each type from the firms or companies or other parties in which the directors are interested as listed in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices of such goods.
12. According to the information and explanations given to us, the company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods.
13. The company has not accepted deposits from public.
14. According to the information and explanations given to us, the operations of the company do not generate by-products and scraps.
15. The company has internal audit system which in our opinion needs to be strengthened commensurate with its size and nature of its business.
16. According to the information and explanations given to us the Central Government has not prescribed maintenance of cost accounting under section 209(1)(d) of the Companies Act, 1956.
17. According to the records of the Company Provident Fund dues have generally been regularly deposited with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts, payable in respect of income tax, wealth-tax, customs duty, sales tax and excise duty were outstanding as on 31st March, 1998, for a period of more than 6 months from the date day became payable.
19. According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to revenue account, other than those payable under contractual obligations.
20. The Company is not a sick industrial unit within the meaning of clause (O) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provision) Act 1985.

For Bhootra and Mitragotri  
Chartered Accountants,

D.P.Sabne,  
Partner.

Place : Pune  
Date : 29.06.1998



## Balance Sheet as at 31st March, 1998

	Schedule	31.03.1998 Rs.	31.03.1997 Rs.
<b>Sources of Funds</b>			
<b>1. Shareholders Funds</b>			
Share Capital	A	164,626,556	80,668,000
<b>2. Loan Funds</b>			
Secured Loans	C	0	97,965,210
Unsecured Loans	C	116,665,744	0
<b>Total</b>		<b>281,292,300</b>	<b>178,633,210</b>
<b>Application of Funds</b>			
<b>1. Fixed Assets</b>			
Gross Block	D	167,323,719	159,118,874
Less : Depreciation		<u>20,975,702</u>	<u>7,979,399</u>
		146,348,017	151,139,475
Advance for capital assets		6,708,960	
<b>2. Investments</b>			
	F	215,000	210,000
<b>3. Current Assets, Loans &amp; Advances :-</b>			
Inventories	G	13,180,992	7,021,084
Sundry Debtors	H	10,439,208	1,339,386
Cash and Bank Balances	I	23,763,136	740,987
Loans and Advances and Other Assets	J	13,564,224	10,406,004
		<u>60,947,560</u>	<u>19,507,461</u>
<b>Less : Current Liabilities</b>			
Provisions	K		
Current Liabilities and Provisions		23,508,233	16,798,096
		<u>23,508,233</u>	<u>16,798,096</u>
<b>Net Current Assets</b>		<b>37,439,327</b>	<b>2,709,365</b>
<b>4. Miscellaneous Expenditure to the extent not written off</b>			
	L	3,540,084	4,070,375
<b>5. Profit and Loss Account</b>			
	B	87,040,912	20,503,995
<b>Total</b>		<b>281,292,300</b>	<b>178,633,210</b>
<b>6. Notes on Accounts</b>			
<b>7. Significant Accounting Policies</b>			
	R		
	S		

As Per Our Report Attached  
For Bhootra and Mitragotri  
Chartered Accountants

For and On behalf of the Board

D. P. Sabne  
Partner

Ashutosh R. Shah  
Director

GIORGIO LACOVARA  
CHAIRMAN and MANAGING DIRECTOR

Snehal Shah  
Nominee Director UTI

N.J. Keshavdas  
Nominee Director Parmalat

Ashish R. Shah  
Nominee Director Parmalat

Place : Pune  
Date : 29.06.1998

Place : Pune  
Date : 29.06.1998

## Profit and Loss Account for the period ended 31st March, 1998

	Schedule	31.03.1998 Rs.	31.03.1997 Rs.
<b>1) Income</b>			
Sales	M	90,999,431	105,710,854
Other Income	N	402,589	531,242
<b>Total</b>		<b>91,402,020</b>	<b>106,242,096</b>
<b>2) Expenses</b>			
Cost of Goods produced	O	97,158,951	117,812,040
Personnel Expenses	P	7,932,547	4,872,496
Finance Charges	Q	23,429,160	20,062,118
Administrative and Selling Cost		15,713,293	12,219,585
Depreciation	D	12,996,303	7,753,898
<b>Total</b>		<b>157,230,254</b>	<b>162,720,137</b>
Less : Transfer to Per-Operative Expenses		0	36,473,515
<b>Total</b>		<b>157,230,254</b>	<b>126,246,622</b>
3) Loss for the year		65,828,234	20,004,526
4) Prior period items		708,683	499,469
5) Balance carried forward		66,536,917	20,503,995
6) Notes on Accounts	R		
7) Significant Accounting Policies	S		

As Per Our Report Attached  
For Bhootra and Mitragotri  
Chartered Accountants

D. P. Sabne  
Partner

Ashutosh R. Shah  
Director

Snehal Shah  
Nominee Director UTI

Place : Pune  
Date : 29.06.1998

For and On behalf of the Board

GIORGIO LACOVARA  
CHAIRMAN and MANAGING DIRECTOR

N.J. Keshavdas  
Nominee Director Parmalat

Ashish R. Shah  
Nominee Director Parmalat

Place : Pune  
Date : 29.06.1998

## Schedules Forming the Part of Balance Sheet

Schedule A : Share Capital		31.03.1998	31.03.1997					
Authorised Capital (18,00,00,000 equity shares (Previous Year 90,00,000) of Rs. 10 each)		180,000,000	90,000,000					
Issued and subscribed and paid up capital 16462650 (previous year 80,66,800) equity shares of Rs. 10 each fully paid )		164,626,500	80,668,000					
Share Application Money		56	0					
<b>Total</b>		<b>164,626,556</b>	<b>80,668,000</b>					
<b>Schedule B : Reserves and Surplus</b>								
Profit and Loss Account								
Opening Balance		(20,503,995)	0					
Loss for the year		(66,536,917)	(20,503,995)					
<b>Total</b>		<b>(87,040,912)</b>	<b>(20,503,995)</b>					
<b>Schedule C : Secured loans</b>								
Vehicle Loan		0	92,614					
From Financial Institutions								
ICICI Ltd.		0	56,500,000					
SICOM Ltd.		0	34,000,000					
Interest outstanding		0	2,954,184					
Cash credit from Bank		0	4,418,412					
<b>Total</b>		<b>0</b>	<b>97,965,210</b>					
<b>Unsecured Loans</b>								
Citibank Term Loan		69,661,580	0					
Citibank Overdraft		47,004,164	0					
<b>Total</b>		<b>116,665,744</b>	<b>0</b>					
<b>Schedule D : Fixed Assets</b>								
Particulars	Gross Block			Depreciation			Net Block	
	Balance As at 31.03.97	Addition During the year	Balance As at 31.03.98	Balance As at 31.03.97	for the year 97-98	Balance upto 31.03.98	Balance As at 31.03.98	Balance As at 31.03.97
Land and Site								
Development	3307279	205485	3512764	0			3512764	3307279
Buildings	43387098	2628175	46015273	840859	1476113	2316972	43698301	42546239
Plant & Machinery	100412765	4142303	104555068	6186507	10480424	16666931	87888137	94226258
Furniture & Fixtures	1476006	163878	1639884	91429	95867	187296	1452588	1384577
Office Equipments	2423223	243541	2666764	378570	396521	775091	1891673	2044653
Electrical Installation	4314480	69986	4384466	119424	208261	327685	4056781	4195056
Lab. Equipments	873995	180137	1054132	36878	43183	80061	974071	837117
Vehicles	2924028	571340	3495368	325732	295934	621666	2873702	2598296
<b>TOTAL</b>	<b>159118874</b>	<b>8204845</b>	<b>167323719</b>	<b>7979399</b>	<b>12996303</b>	<b>20975702</b>	<b>146348017</b>	<b>151139475</b>
Previous Year	12570529	146548345	159118874	225501	7753898	7979399	151139475	
<b>Schedule E : Pre-operative Expenses during construction period pending capitalisation</b>								
Opening balance							0	18,361,817
Addition during the year							0	38,773,974
Less : capitalised during the year							0	54,802,713
Less : Transferred to Deferred Revenue expenditure							0	1,015,235
Less : Excess provisions of Preoperative expenses written back							0	1,317,843
<b>Total</b>							<b>0</b>	<b>0</b>

Schedule F : Investments	31.03.1998	31.03.1997
Unquoted, Government Securities Kisan Vikas Patra (Valued at cost)	10,000	10,000
ICICI Bonds (40 bonds of Rs.5,000/- each fully paid)	200,000	200,000
National Savings Certificates	5,000	0
<b>Total</b>	<b>215,000</b>	<b>210,000</b>
<b>Schedule G : Inventory</b>		
Raw Material	8,241,374	105,880
Work in Progress	364,773	523,446
Packing Material and Stores and Spares	2,618,895	1,557,580
Stock of Finished Goods	1,813,752	4,834,178
Fuel	142,198	0
<b>Total</b>	<b>13,180,992</b>	<b>7,021,084</b>
<b>Schedule H : Sundry Debtors</b>		
Sundry Debtors considered good		
Outstanding for less than six months.	10,092,545	1,247,996
Outstanding for more than six months.	346,663	91,390
<b>Total</b>	<b>10,439,208</b>	<b>1,339,386</b>
<b>Schedule I : Cash and Bank Balances</b>		
Cash on hand	119,993	179,224
Balances with Banks	11,243,143	561,763
Deposit with Bank	12,400,000	0
<b>Total</b>	<b>23,763,136</b>	<b>740,987</b>
<b>Schedule J : Loans and Advances and Other Assets</b>		
Advances recoverable in cash or in kind or for value to be received	9,528,143	6,176,706
Deposits with Government, Semi Government Authorities & others	3,299,000	3,178,800
Income Tax Deducted at source	53,592	433,310
Crates and cans	683,489	617,188
<b>Total</b>	<b>13,564,224</b>	<b>10,406,004</b>
<b>Schedule K : Current Liabilities &amp; Provisions</b>		
Creditors for Goods & Services	8,667,406	14,924,782
Other Liabilities & Provisions	13,286,581	1,658,932
Advances from Debtors	1,554,246	214,382
<b>Total</b>	<b>23,508,233</b>	<b>16,798,096</b>
<b>Schedule L : Miscellaneous Expenditure to the extent not written off</b>		
Company Formation Expenses	307,399	341,554
Public Issue Expenses	2,461,527	2,765,150
Debenture Issue Expenses	342,630	380,700
Preoperative expenses	1,231,711	1,035,235
Share Issue Expenses	297,228	0
	<u>4,640,495</u>	<u>4,522,639</u>
Less : Written off for the year	1,100,411	452,264
<b>Total</b>	<b>3,540,084</b>	<b>4,070,375</b>

## Schedules Forming the Part of Profit and Loss Account

Schedule M : Sales	31.03.1998		31.03.1997	
Sale of Milk	23,482,087		34,055,770	
Sale of Ghee	33,155,157		34,888,730	
Sale of Skimmed Milk	0		8,466,215	
Sale of SMP	21,272,315		25,882,132	
Other milk products	12,571,522		1,715,671	
Processing & conversion Charges.	518,350		702,336	
<b>Total</b>	<b>90,999,431</b>		<b>105,710,854</b>	
<b>Schedule N : Other Income</b>				
Interest	172,702		61,435	
Can and Crates Charges	56,737		189,710	
Miscellaneous Income	76,610		42,796	
Sundry credits written back	96,540		237,301	
<b>Total</b>	<b>402,589</b>		<b>531,242</b>	
<b>Schedule O : Material Consumed</b>				
Purchase of Milk/Raw material				
Opening Stock	105,880		572,860	
Purchases	82,012,454		82,865,421	
Less : Closing Stock	<u>8,241,374</u>	73,876,960	<u>105,880</u>	83,332,401
Work in Progress				
Opening Stock	523,446		0	
Less : Closing Stock	<u>364,773</u>	158,673	<u>523,446</u>	-523,446
Consumables				
Opening Stock	0		90,790	
Purchases	479,378		430,689	
Less : Closing Stock	<u>0</u>	479,378	<u>0</u>	521,479
Packing Material and Stores and Spares				
Opening Stock	1,557,580		347,068	
Purchases	8,181,618		5,253,449	
Less : Closing Stock	<u>2,618,895</u>	7,120,303	<u>1,557,580</u>	4,042,937
Direct expenses on purchases & Manufacturing expenses		2,761,388 9,741,824		6,535,581 11,475,701
Finished Stock				
Opening Stock	4,834,178		17,261,565	
Less : Stock of Finished Goods	<u>1,813,752</u>	3,020,426	<u>4834178</u>	12,427,387
<b>Total</b>	<b>97,158,951</b>		<b>117,812,040</b>	
<b>Schedule P : Personnel Expenses</b>				
Salaries & Wages	7,097,680		4,662,496	
Director remuneration	834,867		210,000	
<b>Total</b>	<b>7,932,547</b>		<b>4,872,496</b>	
<b>Schedule Q : Finance Charges</b>				
Interest on Term loans	15,765,076		14,690,898	
Interest on Cash Credit	572,773		3,552,334	
Bank Charges	237,608		292,234	
Prepayment Premium to ICICI	4,278,435		0	
Debenture Redemption Expenses	1,233		0	
Debenture Trusteeship Fees	30,000		0	
Bank Guarantee Charges	19,225		0	
Lease Rent	1,526,652		1,526,652	
Interest on hire charges	26,808		0	
Interest on Overdraft	971,350		0	
<b>Total</b>	<b>23,429,160</b>		<b>20,062,118</b>	

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 1998.

	31.03.1998	31.03.1997
<b>A) CASH INFLOW FROM OPERATING ACTIVITIES.</b>		
Net Profit before Extra - ordinary and other items, taxation and prior period items.	(66,000,936)	(20,065,960)
Adjusted for :		
Depreciation	12,996,303	7,753,898
Interest & Commitment charges.	23,429,161	20,062,118
Amortisation of expenses	1,100,412	452,264
Operating profit before working Capital Changes.	(28,475,060)	8,202,320
Changes in :		
Trade & other receivables	(12,258,041)	(824,111)
Inventories	(6,159,908)	11,251,199
Trade creditors and other payables.	6,710,135	6,596,151
Cash generated from operations	(40,182,874)	25,225,559
Interest paid	(19,150,726)	(19,991,565)
Direct taxes paid	0	0
Cash flow before extra ordinary items.	(59,333,600)	5,233,994
Extra ordinary item (ICICI prepayment)	(4,278,435)	0
Prior period items	(708,683)	(499,469)
Increase in Preoperative Exps.	(570,120)	(1,065,355)
<b>NET CASH INFLOW FROM OPERATING ACTIVITY.</b>	<b>(64,890,838)</b>	<b>3,669,170</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITY.</b>		
Increase in fixed assets.	(8,204,845)	(7,435,557)
Expenses capitalised.	0	(35,458,280)
Increase in capital work in progress/ advance for capital assets.	(6,708,960)	0
Increase in expenses pending capitalisation.	0	0
Investments	(5,000)	0
Interest received.	172,702	61,434
<b>NET CASH USED IN INVESTMENT ACTIVITY.</b>	<b>(14,746,103)</b>	<b>(42,832,403)</b>
<b>C : CASH FLOW FROM FINANCIAL ACTIVITY.</b>		
Proceeds from issue of share capital.	83,958,556	14,000,000
Proceeds from borrowings.	116,665,744	20,987,921
Repayment of borrowing	(97,965,210)	0
<b>NET CASH USED IN FINANCIAL ACTIVITY</b>	<b>102,659,090</b>	<b>34,987,921</b>
<b>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENT</b>	<b>23,022,149</b>	<b>(4,175,312)</b>
Opening Balance	740,987	4,916,299
Closing Balance.	23,763,136	740,987

As Per Our Report Attached  
For Bhootra and Mitragotri  
Chartered Accountants

For and On behalf of the Board

D. P. Sabne  
Partner

Ashutosh R. Shah  
Director

GIORGIO LACOVARA  
CHAIRMAN and MANAGING DIRECTOR

Snehal Shah  
Nominee Director UTI

N.J. Keshavdas  
Nominee Director Parmalat

Ashish R. Shah  
Nominee Director Parmalat  
Place : Pune  
Date : 29.06.1998

Place : Pune  
Date : 29.06.1998

**AUDITORS' CERTIFICATE**

We have examined the attached Cash Flow Statement of Swojas Energy Foods Limited, for the year ended 31st March, 1998. The statement has been prepared by the Company in accordance with the requirements of listing agreement, Clause 32 with various stock exchanges and is based on and in agreement with corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

Place : Pune  
Date : 29.06.1998

For Bhootra and Mitragotri  
Chartered Accountants  
D.P. Sabne  
Partner

NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1998.

**SCHEDULE R : NOTES ON ACCOUNTS**

- Figures of the previous year have been regrouped and rearranged wherever necessary in conformity with current year's grouping.
- The break up of Directors Remuneration :
 

	1997-98	1996-97
Salary	847,772	210,000
Sitting fees	15,000	7,000
- Remuneration to Auditors :
 

Audit Fees	30,000	30,000
Taxation Matters	20,000	10,000
Certification work	20,000	10,000
- The Company proposes to amortise Miscellaneous Expenditure over a period of five years .
- Information in regard to Purchase, Sale, Production & Stock for the financial year 1997-98 is as follows :

		1997-98		1996-97		
<b>A)</b>	<b>Purchases</b>	<b>Units</b>	<b>Purchases</b>	<b>Consumption</b>	<b>Purchases</b>	<b>Consumption</b>
	Milk	Ltrs.	7,090,524	7,086,134	10,333,693	10,382,227
<b>B)</b>	<b>Products</b>		<b>Sales</b>	<b>Production</b>	<b>Sales</b>	<b>Production</b>
	Pouched Milk	Ltrs..	2,761,193	2,760,873	4,042,452	4,117,541
	Ghee	Kgs.	231,855	200,119	397,408	400,657
	Skimmed Milk	Kgs.			1,477,057	1,358,357
	Skimmed Milk Powder	Kgs.	376,056	372,292	497,071	403,363
	Butter CM	Kgs.	125	735		
	Dairy Whitener	Kgs.	57,765	58,025		
	Instant Dairy Mix	Kgs.	81,813	88,014		
	Paneer	Kgs.	61	61		
<b>C)</b>	<b>Stock</b>		<b>Quantity</b>	<b>Amount (Rs.)</b>	<b>Quantity</b>	<b>Amount (Rs.)</b>
<b>a)</b>	<b>RAW MATERIAL</b>					
	Milk	Ltrs.	18,630	159,880	14,240	105,880
	Instant Dairy Mix (RM)	Kgs.	46,150	2,367,495		
	Skimmed Milk Powder (RM)	Kgs.	97,975	5,633,562		
	Sugar	Kgs.	5,362	80,437		
<b>b)</b>	<b>STOCK IN PROCESS</b>					
	Ghee	Kgs.	2,704	240,720	2,735	259,650
	Condensed & Skimmed Milk	Ltrs.	9,175	50,600	19,360	137,996
	Butter	Kgs.	650	48,100	40	1,600
	Cream	Kgs.	0	0	2,880	124,200
	Instant Dairy Mix	Kgs.	17	1,218		
	Dairy Whitner	Kgs.	443	23,590		
	Skimmed Milk Powder	Kgs.	10	545		
<b>c)</b>	<b>FINISHED GOODS</b>					
	Ghee	Kgs.	2,339	262,575	34,075	3,476,803
	Skimmed Milk Powder	Kgs.	11,825	638,550	15,589	904,162
	Instant Dairy Mix	Kgs.	11,746	763,490	5,595	335,700
	Dairy Whitner	Kgs.	624	41,808	183	10,980
	Pouched Milk	Ltrs.	12,050	107,330	12,370	105,893
	Berry	Kgs.	0	0	640	640

6. Plant Capacity of the Company for various products is as under :

	<u>Installed Capacity</u>	<u>Licensed Capacity</u>
a. Pasteurised Milk	50000 Ltrs/day	20000 Ltrs/day
b. Ghee	4000 Kgs/day	1000 Kgs/day
c. Cheese	1500 Kgs/day	1000 Kgs/day
d. Paneer	1200 Kgs/day	1000 Kgs/day
e. Milk Powder	5000 Kgs/day	7000 Kgs/day
f. Butter	5000 Kgs/day	4000 Kgs/day

8. Computation of Net Profit under section 349 of the Companies Act 1956 has not been given in view of the loss as per Profit & Loss Account.
9. The market value of ICICI bond is not available therefore the market value of bond is not disclosed.
10. The loan from Citi Bank has been obtained against a line of credit granted by Citi Bank internationally to Parmalat S.p.A. Since the company has not given any security for the said loan, the same has been disclosed as Unsecured Loan in the Balance Sheet.
11. For determining the depreciation rate as per Schedule XIV of the Companies Act, 1956, the plant is treated as non continuous process plant.
12. No excise duty and Sales Tax is applicable to products of the Company but is applicable from June, 98 onwards.
13. In view of the losses for the year no provision for taxation has been made
14. Contingent Liabilities in respect of estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances paid Rs. 1,35,49,238 (Previous Year Rs. Nil)

15. **Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956**  
**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details

State Code

1 1

Registration No.

1 1 - 7 4 4 2 4

Balance Sheet Date

3 1 0 3 9 8

Date Month Year

II Capital raised during the year (Amount Rs. in Lakhs.)

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

8 3 9 = 5 9

III Position of Mobilisation and Deployment of Funds ( Amount Rs. In Lakhs.)

Total Liabilities

2 8 1 2 = 9 2

Total Assets

2 8 1 2 = 9 2

Sources of Funds

Paid-up Capital

1 6 4 6 = 2 7

Reserves and Surplus

N I L

Secured Loans

N I L

Unsecured Loans

1 1 6 6 = 6 6

Application of Funds

Net Fixed Assets

1 4 6 3 = 4 8

Investments

2 = 1 5

Advances for Capital Assets.

6 7 = 0 9

Net Current Assets

3 7 4 = 3 9

Misc. Expenditure

3 5 = 4 0

Accumulated Losses

8 7 0 = 4 1



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

Turnover + Other Income <table border="1" style="margin: auto;"> <tr><td> </td><td> </td><td> </td><td>9</td><td>1</td><td>4</td><td>=</td><td>0</td><td>2</td></tr> </table>				9	1	4	=	0	2	Total Expenditure <table border="1" style="margin: auto;"> <tr><td> </td><td> </td><td> </td><td>1</td><td>5</td><td>7</td><td>9</td><td>=</td><td>3</td><td>9</td></tr> </table>				1	5	7	9	=	3	9			
			9	1	4	=	0	2															
			1	5	7	9	=	3	9														
Profit / Loss Before Tax <table border="1" style="margin: auto;"> <tr><td>+</td><td>-</td><td> </td><td> </td><td> </td><td>6</td><td>6</td><td>5</td><td>=</td><td>3</td><td>7</td></tr> </table>	+	-				6	6	5	=	3	7	Profit / Loss After tax. <table border="1" style="margin: auto;"> <tr><td>+</td><td>-</td><td> </td><td> </td><td> </td><td>6</td><td>6</td><td>5</td><td>=</td><td>3</td><td>7</td></tr> </table>	+	-				6	6	5	=	3	7
+	-				6	6	5	=	3	7													
+	-				6	6	5	=	3	7													
(Please tick appropriate box + for Profit, - for Loss)																							
Earning per share in Rs. <table border="1" style="margin: auto;"> <tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr> </table>				N	I	L			Dividend rate % <table border="1" style="margin: auto;"> <tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td></tr> </table>				N	I	L								
			N	I	L																		
			N	I	L																		

V. Generic Name of Principal Product / Service of Company (as per monetary terms)

Item Code No. (ITC Code)

0	4	0	6	1	0	0	0
---	---	---	---	---	---	---	---

Product Description

F	R	E	S	H		C	H	E	E	S	E		(	I	N	C	L	U	D	I	N	G				
W	H	E	Y			C	H	E	E	S	E	)		N	O	T		F	E	R	M	E	N	T	E	D
A	N	D				C	U	R	D																	

Item Code No. (ITC Code)

0	4	0	5	0	0	0	3
---	---	---	---	---	---	---	---

Product Description

M	E	L	T	E	D		B	U	T	T	E	R		(	G	H	E	E	)							
---	---	---	---	---	---	--	---	---	---	---	---	---	--	---	---	---	---	---	---	--	--	--	--	--	--	--

Item Code No. (ITC Code)

0	4	0	5	0	0	0	1
---	---	---	---	---	---	---	---

Product Description

B	U	T	T	E	R		F	R	E	S	H		(	W	H	E	T	H	E	R						
S	A	L	T	E	D		O	R		N	O	T	)													

Item Code No. (ITC Code)

0	4	0	4	0	0	0	2
---	---	---	---	---	---	---	---

Product Description

W	H	E	Y	,	D	R	Y	,	B	L	O	C	K	S		&		P	O	W	D	E	R	E	D
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	--	---	--	---	---	---	---	---	---	---	---

Item Code No. (ITC Code)

0	4	0	4	0	0		
---	---	---	---	---	---	--	--

Product Description

W	H	E	Y		W	H	E	T	H	E	R		O	R		N	O	T								
C	O	N	C	E	N	T	R	A	T	E	D		O	R		C	O	N	T	A	I	N	I	N	G	
A	D	D	E	D		S	U	G	A	R		O	R		O	T	H	E	R							
S	W	E	E	T	E	N	I	N	G		M	A	T	T	E	R	;	P	R	O	D	U	C	T	S	
C	O	N	S	I	S	T	I	N	G		O	F		N	A	T	U	R	A	L		M	I	L	K	
C	O	N	S	T	I	T	U	E	N	T	S	,	W	H	E	T	H	E	R		O	R	N	O	T	
C	O	N	T	A	I	N	I	N	G		A	D	D	E	D		S	U	G	A	R		O	R		
O	T	H	E	R		S	W	E	E	T	E	N	I	N	G		M	A	T	T	E	R	,			
N	O	T		E	L	S	E	W	H	E	R	E		S	P	E	C	I	F	I	E	D		O	R	
I	N	C	L	U	D	E	D																			

**SCHEDULE S : SIGNIFICANT ACCOUNTING POLICIES**

1. The Company maintains its books on accrual basis.
2. The fundamental Accounting Assumptions (as suggested by the Accounting Standard Board, the Institute of Chartered Accountants of India on "Disclosure of Accounting Policies") accepted and incorporated while preparing financial statements for the year ended 31st March 1998.
3. The accounts are prepared on historical cost.
4. Fixed assets are stated at cost of acquisition less depreciation and attributable costs to bring the fixed assets to working conditions have been capitalised.
5. Depreciation on fixed assets is provided on straight line method at the revised rates as per schedule XIV of the Companies Act, 1956 and as per the notification No. GSR 756 (E) dated 16th December, 1993 of the Department of Company affairs.
6. Inventories are valued at cost or net realisable value whichever is less.
7. Foreign currency transaction are accounted for at exchange rate prevailing in the market at the date of transaction.

**Signatories of Schedules 'A' to 'S'**

**As Per Our Report Attached  
For Bhootra and Mitragotri  
Chartered Accountants**

**D. P. Sabne**  
Partner

Ashutosh R. Shah  
Director

Snehal Shah  
Nominee Director UTI

Place : Pune  
Date : 29.06.1998

For and On behalf of the Board

**GIORGIO LACOVARA**  
CHAIRMAN and MANAGING DIRECTOR

N.J. Keshavdas  
Nominee Director Parmalat

Ashish R. Shah  
Nominee Director Parmalat

Place : Pune  
Date : 29.06.1998

## ***Swojas Energy Foods Limited***

**Regd. Office : S.No. 106 - A/1, Plot No. 17, Nirmiti Chambers, Off Senapati Bapat Road,  
Shivajinagar, Pune 411 016.**

### **ATTENDANCE SLIP**

The Folio No. and Name(s) of the Member/Joint Members are to be furnished in BLOCK LETTERS.

Folio No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

Full Name (s) of the Member/Joint Members

1. \_\_\_\_\_ 2. \_\_\_\_\_

3. \_\_\_\_\_ 4. \_\_\_\_\_

Full Name of the Proxy if attending the Meeting

I hereby record my presence at the 5th Annual General Meeting of the Company, being held on Thursday , 10th day of December, 1998.

Signature of the Member attending the Meeting.

Date :- \_\_\_\_\_

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

## ***Swojas Energy Foods Limited***

**Regd. Office : S.No. 106 - A/1, Plot No. 17, Nirmiti Chambers, Off Senapati Bapat Road,  
Shivajinagar, Pune 411 016.**

### **PROXY**

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Member/Members of Swojas Energy Food Ltd., hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us on my behalf at the 5th Annual General Meeting of the Company to be held on Thursday , 10th December, 1998. and at any adjournment thereof.

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 1998.

30 Paise  
Revenue  
Stamp

Regd. Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

#### **NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING DULY STAMPED AND SIGNED.
2. A thirty paise Revenue Stamp should be affixed to this and it should then be signed by the Member/s.

BOOK - POST

TO,

*If undelivered, please return to:*

**Swojas Energy Foods Limited**

Regd. Office : S.No. 106 - A/1, Plot No. 17,  
Nirmiti Chambers, Off Senapati Bapat Road,  
Shivajinagar, Pune 411 016.

# 6th

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	AA		DPY	NA
RO	<input checked="" type="checkbox"/>		DIV	NA
TRA	MA		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>		SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>

## ANNUAL REPORT

1st April 1998 to

31st December 1998

*SWOJAS ENERGY FOODS LIMITED*

**SWOJAS ENERGY FOODS LIMITED****6 th ANNUAL REPORT : 1st April 1998 to 31st December 1998 (9 months)****BOARD OF DIRECTORS**

<b>GIORGIO LACOVARA</b>	<b>CHAIRMAN &amp; MANAGING DIRECTOR</b>
<b>DR. FRANCESCO GIUFFREDI</b>	<b>NOMINEE DIRECTOR OF PARMALAT S.p.A.</b>
<b>ANGELO UGOLOTTI</b>	<b>NOMINEE DIRECTOR OF PARMALAT S.p.A.</b>
<b>NUGGEHALLI J. KESHAVDAS</b>	<b>NOMINEE DIRECTOR OF PARMALAT S.p.A.</b>
<b>ASHISH R. SHAH</b>	<b>NOMINEE DIRECTOR OF PARMALAT S.p.A.</b>
<b>ASHUTOSH R. SHAH</b>	<b>DIRECTOR</b>
<b>CAPT. R. K. SHAH</b>	<b>DIRECTOR</b>

**AUDITORS :**

M/S. PRICE WATERHOUSE & CO.  
Chartered Accountants  
1102/1107, Raheja Chambers,  
Nariman Point, Mumbai 400 021.

**REGISTERED OFFICE**

S. No. 106-A/1, Plot No. 17  
Nirmiti Chambers,  
Off. Senapati Bapat Road,  
Shivajinagar, PUNE 411 016.

**FACTORY :**

Gat No. 328/1-1, Village Saryad  
Taluka & District - Dhule 424 001.  
MAHARASHTRA.

**SECURITIES LISTED AT :**

THE STOCK EXCHANGE, MUMBAI  
PUNE STOCK EXCHANGE LIMITED  
THE STOCK EXCHANGE, AHMEDABAD

## NOTICE

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Members of Swojas Energy Foods Limited will be held on Tuesday, the 31st Day of August 1999 at Hotel Holiday Inn, 262, Bund Garden, Pune 411 001 at 11.00 a.m. to transact the following business.

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December, 1998 together with Profit and Loss Account for the period ended on that date and the Report of Board of Directors' and Auditor's thereon.
2. To appoint a Director in place of Capt. Rasiklal Kesharchand Shah who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Francisco Giuffredi who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, as Auditors of the Company in place of M/s Price Waterhouse & Co., Chartered Accountants, who have conveyed their unwillingness for reappointment, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration as may be decided by the Board of Directors.

By Order of the Board of Directors,

Place : Pune  
Date : August 4, 1999

Giorgio Lacovara  
Chairman & Managing Director.

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXIES IN ORDER TO BE EFFECTIVE MUST BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE ATLEAST 48 HOURS BEFORE THE MEETING.
3. THE MEMBERS OF THE COMPANY ARE REQUESTED TO NOTIFY IMMEDIATELY ANY CHANGE IN THEIR ADDRESSES TO THE COMPANY.
4. MEMBERS ARE REQUESTED TO BRING THE COPY OF THE ANNUAL REPORT AT THE ANNUAL GENERAL MEETING.

## DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting their Report together with the Audited Accounts of the Company for the period ended 31st December, 1998.

**1. FINANCIAL RESULTS :**

(IN RS.)

PARTICULARS	FOR THE PERIOD ENDED	FOR THE YEAR
	31.12.1998 (9 MONTHS)	31.03.1998 (12 MONTHS)
TURNOVER	69,260,736	90,999,431
PROFIT / (LOSS) BEFORE TAX, DEPRECIATION & INTEREST	(50,083,444)	(56,503,209)
PROFIT / (LOSS) AFTER TAX, DEPRECIATION & INTEREST	(62,704,246)	(66,536,917)
BALANCE CARRIED TO BALANCE SHEET	(149,745,158)	(87,040,912)

**2. OPERATIONS :**

The Operations during the period were effected by two main problems :

Rise in the price of raw milk, quality of Instant Dairy Mix.

The price of milk was risen in May by +14% on top of the usual lean season rise. Moreover on the 1st June an 8% excise duty was imposed only on branded dairy products. The excise duty was further removed by end of July but the price hike remained. The company could pass on to consumer only 30% of the price increase. The Instant Dairy Mix traded in Eastern India was found not instantly saleable as requested by the market. The product was withdrawn and resold at a lower price. During the last quarter, four new products were prepared and tested in the market. : Table Butter, Shrikhand, Paneer, Dairy Whitener in consumer packs all carry the PARMALAT brand name.

**3. ACCOUNTING YEAR :**

The accounting year of your Company has been changed from April - March to January-December. Hence this accounting year of the Company is ending on 31st December 1998, and is of nine months period only.

This Change has been made to coincide with the accounting year of our holding company, PARMALAT S.p.A., Italy.

**4. Y2K COMPLIANCE :**

The Company has assessed the Y2K problem and considering the same, necessary steps have been taken in this regard. Directors are hopeful to make the Company Y2K Free within a short period.

**5. PUBLIC DEPOSITS :**

The Company has not accepted any deposits from the public and Shareholders during the period under review.



**6. DIRECTORS :**

Unit Trust of India has withdrawn the nomination of Mr. Snehal Shah w.e.f 5th April, 1999. The Board conveyed its sincere thanks to him for his kind co-operation during his tenure of office as a Nominee Director.

In accordance with the Article 138(1) of Articles of Association of the Company, Capt. Rasiklal Kesharchand Shah and Mr. Francesco Giuffredi, Directors of the Company are liable to retire by rotation and being eligible offer themselves for reappointment. The Board recommends their re-appointment.

**7. AUDITORS :**

M/s. Price Waterhouse & Co., Chartered Accountants, Auditors of the Company, are retiring at the conclusion of this Annual General Meeting. The Company has received a letter dated 14th June, 1999 from M/s Price Waterhouse & Co., expressing their unwillingness to continue as Auditors of the Company. The said letter was taken on record by the Board of Directors in their meeting held on 15th June, 1999.

The Board of Directors recommends the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants as Auditors of the Company in place of the retiring Auditors, M/s. Price Waterhouse & Co., Chartered Accountants. The Company has received a certificate from M/s. Deloitte Haskins & Sells, Chartered Accountants conveying their eligibility under sub-section (1B) of section 224 of the Companies Act, 1956, that if appointed, their appointment will be within the limits.

**8. THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :**

The information required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure 'A' and forms a part of this Report.

**9. PARTICULARS OF EMPLOYEES :**

The particulars of employees as required to be disclosed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are set out in Annexure 'B' and forms a part of this Report.

**10. ACKNOWLEDGMENT :**

Your Directors wish to place on record their deep desire of appreciation for the devoted services of the executives, staff and workers of the Company. Finally the Directors wish to express their gratitude to the members for their continued support.

For and on behalf of the Board of Directors

Place : Pune  
Date : August 4, 1999

GIORGIO LACOVARA  
CHAIRMAN & MANAGING DIRECTOR

**ANNEXURE 'A' TO DIRECTORS' REPORT**

Information required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

**FORM A**

Form for disclosure of particulars with respect to conservation of energy.

**A. CONSERVATION OF ENERGY :**

The Company has already installed efficient equipments while establishing the plant as to improve power factor and reduce power consumption. Also there are continuous and systematic efforts to optimise energy consumption and reduce energy costs through evaluation of performance.

**I) POWER AND FUEL CONSUMPTION :**

**i) ELECTRICITY CONSUMPTION**

	<b>CURRENT PERIOD</b>	<b>PREVIOUS YEAR</b>
	01.04.1998 - 31.12.1998	01.04.1997 - 31.03.1998
Total No. of units	1010573 units.	1139755 units.
Total amount paid	Rs. 40,40,173/-	Rs. 44,75,185/-
Per unit cost	Rs. 3.99/-	Rs. 3.92/-
For the period from	01.04.98 to 31.12.98	01.04.97 to 31.03.98

**ii) OWN GENERATION**

	<b>CURRENT PERIOD</b>	<b>PREVIOUS YEAR</b>
Total Electricity generated through D. G. Set	52088 units	60235 units
Total Cost Spent	Rs. 1,69,235/-	Rs. 2,34,443/-
Per Unit cost	Rs. 3.24 per unit	Rs. 3.89 per unit

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

There is no technology absorption, adaption and innovation during the period under review.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Foreign Exchange Earnings by way of Subscription by Parmalat S.p.A., Italy, for allotment of Equity Shares of the Company amounted to Rs. 164,575,000/- during the period under review.

There was no foreign exchange outgo during the period under review.

## ANNEXURE 'B' TO DIRECTORS' REPORT

A) Details of the Employees who were in receipt of remuneration of not less than Rs. 6,00,000/- per annum, who were employed throughout the financial year in terms of Section 217 (2A) (i) of the Companies Act, 1956.

1. Name : Giorgio Lacovara  
Gross Remuneration : Rs. 1,206,000  
Designation : Chairman & Managing Director  
Nature of Employment : Contractual  
Nature of Duties : Overall management of the Company  
Qualification : Engineer  
Experience : 30 years.  
Date of commencement  
of employment : 5 th November, 1997.  
Age : 58 years.  
Previous employment : Parmalat, Russia.

B) Following are the details of Employees employed for part of the financial year, who were in receipt of remuneration at a rate of not less than Rs. 50,000/- per month in terms of Section 217 (2A) (i) of the Companies Act, 1956.

1. Name : Aldo Camorani  
Gross Remuneration : Rs. 180,000/-  
Designation : Chief Executive  
Nature of Employment : Contractual  
Nature of Duties : Overall management of the Company  
Date of commencement  
of employment : 16 th December, 1997.  
Age : 56 years.  
Previous employment : Consultant

## AUDITOR'S REPORT

**To The Members of  
Swojas Energy Foods Limited**

1. We report that we have audited the Balance Sheet of Swojas Energy Foods Limited as at December 31, 1998 and the relative Profit and Loss Account for the period April 1, 1998 to December 31, 1998, both of which we have signed under reference to this report.
2. The Accounts of the Company for the year ended March 31, 1998 were audited by other independent Accountants, who issued an unqualified opinion on those Accounts vide their report dated June 29, 1998. The balances as on April 1, 1998, have been considered as opening balances for the purpose of these Accounts.
3. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account, together with the Notes thereon and attached thereto, comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, give in the prescribed manner, subject to Note 9 on Schedule T, regarding non-disclosure of indebtedness to Small Scale Industrial Undertakings, the information required by the Companies Act, 1956 and also give, respectively, read in particular with Note 11 on Schedule T, regarding change in the method of providing depreciation on Plant and Machinery resulting in a lower depreciation charge for the period by Rs. 3,962,548 and subject to paragraphs 3.1 below and the related Note with consequential effect on the loss for the period and period - end net assets, a true and fair view of the state of the Company's affairs as at December 31, 1998 and its loss for the period ended on that date.
  - 3.1. Note 4 on Schedule T, regarding excess share application money of Rs. 3,256,145 received from Parmalat S.p.A, Italy considered repatriable, in the absence of the necessary approval of the Reserve Bank of India.
4. We draw attention to Note 3 on Schedule T with regard to the Year 2000 problem. In the opinion of the Management, the problem of Year 2000 will not vitiate the assumption of going concern in view of the plans to make the organisation Year 2000 compliant, as per the plans being drawn by the Management. It may be noted in this connection that our audit is not intended, designed or performed to provide and accordingly does not provide any assurance that the Company's internal systems or those of its external dependencies are / or will be Year 2000 compliant. Further, we have no responsibility with regard to the Company's efforts to make its systems, or any other systems, such as those of the Company's vendors, service providers or any other third parties capable of property processing dates including the year 2000 or provide assurance on whether the Company has addressed or will be able to address all of the affected systems on a timely basis. These are the responsibilities of the Management of the Company.
5. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for our audit. In our opinion, subject to paragraph 3.1 above, proper books of account have been kept as required by law so far as appears from our examination of the books and the above mentioned Accounts are in agreement therewith.
6. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, dated 7th September, 1988 and issued by the Central Government and on the basis of such checks as we considered appropriate and according to the information and explanations given to us,

we further report that :

- (i)
  - (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of its fixed assets.
  - (b) The fixed assets of the Company have not been physically verified by the Management during the period.
- (ii) The fixed assets of the Company have not been revalued during the period.
- (iii) The stocks of finished goods, stores, spare parts, raw materials and work-in-progress of the Company have been physically verified by the Management during the period.
- (iv) In our opinion, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (v) The discrepancies between the physical stock and the book stock, which have been properly dealt with, were not material.
- (vi) In our opinion, the valuation of stocks of finished goods, stores, spare parts, raw materials and work-in-progress has been fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the earlier years.
- (vii) The Company has not taken any loans, secured or unsecured, from companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As informed by the management, there are no companies under the same management, as defined under subsection (1B) of Section 370 of the Companies Act, 1956.
- (viii) In our opinion the rates of interest and other terms and conditions of loans, secured or unsecured, granted by the Company to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are prima facie prejudicial to the interest of the Company to the extent of a deposit of Rs. 2,000,000 with a party listed in the register maintained under Section 301 of the Companies Act, 1956 as no interest has been charged on the deposit. As informed by the Management, there are no companies under the same management as defined under Sub-section (1B) of Section 370 of the Companies Act, 1956.
- (ix) The parties to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable, except, in case of a deposit of Rs. 2,000,000 as mentioned in paragraph (viii) above which has not been recovered as per the terms of the agreement with the party.
- (x) In our opinion, and having regard to the explanation that in a few cases as the items are of a special nature for which no alternative quotations are available, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for purchase of stores, raw materials including components, plant and machinery, equipment and similar assets and for the sale of goods.
- (xi) The Company has not purchased goods and materials and sold goods, materials and services aggregating during the period Rs. 50,000/- or more in value from / to any of the

parties listed in the register maintained under Section 301 of the Companies Act, 1956.

- (xii) The Company has a system of determining unserviceable or damaged stores, raw materials and finished goods. Based on technical evaluations carried out by the Management during the year, adequate provision has been made for such stock in the Accounts.
- (xiii) The Company has not accepted any deposits from the public.
- (xiv) In our opinion, reasonable records have been maintained for the sale and disposal of realisable by-products and scrap, where applicable and significant.
- (xv) In our opinion, the Company's present internal audit system, which needs strengthening in terms of the area of coverage, is generally commensurate with its size and nature of business.
- (xvi) As informed by the Management, the Central Government has not prescribed the maintenance of cost records by the Company under Section 209(1)(d) of the Companies Act, 1956 for any of its products.
- (xvii) The Company has been regular in depositing during the period Provident Fund dues with the appropriate authorities. As informed by the Company, it is yet to receive registration under the Employee State Insurance Act and accordingly, a sum of Rs. 43,668 outstanding towards this end at the period end, has not been deposited with the appropriate authorities.
- (xviii) At the last day of the financial period, there were no amount outstanding in respect of undisputed income tax, wealth tax, sales tax, customs duty and excise duty which were due for more than six months from the date they became payable.
- (xix) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses which have been charged to the Profit and Loss Account, other than those payable under contractual obligations and accepted business practices nor have we been informed of any such case by the Management.
- (xx) The Company is not a sick industrial company within the meaning of Clause (o) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
- (xxi) In respect of services rendered, in our opinion, the nature of the services rendered by the Company is such that it does not involve consumption of materials and allocation of man-hours utilised to relative jobs.
- (xxii) The other provisions of the Manufacturing and Other Companies (Auditor's Report) Order, 1988 dated September 7, 1988 and issued by the Central Government are not applicable to the Company during the period covered by the aforesaid Accounts.

**P. N. Ghatalia**

Partner

For and on behalf of  
Price Waterhouse & Co.  
Chartered Accountants.

Place : Pune

Date : August 4, 1999

## AUDITOR'S CERTIFICATE

The attached Cash Flow Statement and the Note thereon (initialed by us for the purpose of identification) has been compiled from and is based on the audited accounts of Swojas Energy Foods Limited for the year ended December 31, 1998 and reported by us on August 4, 1999. According to the information and explanations given, the attached Cash Flow Statement together with the Note thereon, has been prepared pursuant to Clause 32 of the Listing Agreements with the concerned stock exchanges and the reallocations required for the purpose are as made by the Company.

Place : Pune

Date : August 4, 1999

**P. N. Ghatalia**

Partner

For and on behalf of

**Price Waterhouse & Co.**

Chartered Accountants

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST DECEMBER, 1998**

(Prepared pursuant to the listing Agreement with the Stock Exchanges)

	31/12/98	31/3/98
<b>CASH INFLOW FROM OPERATING ACTIVITIES.</b>		
Net Profit before Extra-ordinary and other items, taxation and prior period items	(62,704,246)	(66,536,917)
Adjustments for		
Depreciation	6,631,911	12,996,303
Finance charges	13,138,019	21,902,505
Amortisation of expenses	802,926	1,100,412
Interest received	(240,076)	-
Excess provision written back	(151,952)	-
<b>Operating profit before working Capital Changes.</b>	<b>(42,523,418)</b>	<b>(30,710,396)</b>
Adjustments for		
Changes in working capital	(4,220,092)	(6,226,209)
Inventories	8,554,194	(9,019,660)
Sundry Debtors	107,035	(102,235)
Other current assets	1,620,371	258,476
Loans and advances	(859,802)	3,381,814
Current Liabilities	(37,321,712)	(42,418,210)
<b>Cash generated from operations</b>		
Finance charges	(13,138,019)	(21,902,508)
Share Issue expenses (included under Miscellaneous Expenditure - to the extent not written off or adjusted)	(390,118)	(570,120)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b> A	<b>(50,849,849)</b>	<b>(64,890,838)</b>
Cash flow from investing activity.		
Increase in fixed assets.	(26,026,036)	(8,204,845)
Increase in capital work in progress.	6,646,791	(6,708,960)
Investments	-	(5000)
Interest received	240,076	172,702
<b>NET CASH FROM INVESTMENT ACTIVITIES</b> B	<b>(19,139,169)</b>	<b>(14,746,103)</b>
<b>C : CASH FLOW FROM FINANCING ACTIVITY.</b>		
Proceeds from issue of share capital (including Premium on shares)	164,575,000	83,958,556
Proceeds from borrowings	-	116,665,744
Repayment of borrowing	(111,740,440)	(97,965,210)
<b>NET CASH FROM FINANCING ACTIVITIES</b> C	<b>52,834,560</b>	<b>102,659,090</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b> (A+B+C)	<b>(17,154,458)</b>	<b>23,022,149</b>
Opening Balance of Cash & Cash Equivalents	23,763,136	740,987
Closing Balance of Cash & Cash Equivalents	6,608,678	23,763,136

Note : The Company is in the process of addressing the Year 2000 (Y2K) related issues, particularly in relation to the financial accounting system and third parties on whom they are dependent, and prepare a contingency plan, which according to the Management is expected to be completed by September 1999. In the Management's Opinion, the Company expects to be Y2K compliant in respect of areas, which otherwise may vitiate the capacity of the Company to operate as a going concern in the Year 2000. The total expenditure required to achieve Y2K compliance is not expected to be significant.

**P. N. Ghatalia**

Partner

For and on behalf of

**PRICE WATERHOUSE & CO.**

Chartered Accountants

For and on behalf of the Board

**GIORGIO LACOVARA**

Chairman and Managing Director

**N. J. Keshavdas**

Nominee Director, Parmalat, S.p.A.

Place :Pune

Date : August 4, 1999

Place : Pune

Date : August 4, 1999





## Balance Sheet as at December 31, 1998

	Schedule	December 31, 1998 Rs.	March 31, 1998 Rs.
<b>Sources of Funds</b>			
<b>Shareholders Funds</b>			
Capital	A	309,626,500	164,626,500
Reserves and Surplus	B	19,575,000	
<b>Loan Funds</b>			
Unsecured Loans	C	4,925,304	116,665,744
<b>Total</b>		<b>334,126,804</b>	<b>281,292,244</b>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	D	193,349,755	167,323,719
Less : Depreciation		<u>27,455,661</u>	<u>20,975,702</u>
Net Block		165,894,094	146,348,017
Capital advances		62,169	6,708,960
<b>Total</b>		<b>165,956,263</b>	<b>153,056,977</b>
<b>Investments</b>	E	215,000	215,000
<b>Current Assets, Loans and Advances</b>			
Inventories	F	18,084,573	13,864,481
Sundry Debtors	G	1,804,853	10,359,047
Cash and Bank Balances	H	6,608,678	23,763,136
Other Current Assets	I	4,000	111,035
Loans and Advances	J	<u>7,901,169</u>	<u>9,521,540</u>
		34,403,273	57,619,239
Less : Current Liabilities and Provisions :			
Current Liabilities	K	19,320,166	20,179,968
<b>Net Current Assets</b>		<b>15,083,107</b>	<b>37,439,271</b>
<b>Miscellaneous Expenditure (to the extent not written off or adjusted)</b>	L	<b>3,127,276</b>	<b>3,540,084</b>
<b>Profit and Loss Account</b>		<b>149,745,158</b>	<b>87,040,912</b>
<b>Total</b>		<b>334,126,804</b>	<b>281,292,244</b>
Notes to the Accounts	T		

Schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to  
in our report of even date.

For and On behalf of the Board

**P. N. Ghatalia**  
Partner  
For and On behalf of  
Price Waterhouse & Co.  
Chartered Accountants.

**Giorgio Lacovara**  
Chairman and Managing Director

**N. J. Keshavdas**  
Nominee Director, Parmalat, S.p.A.

Place : Pune  
Date : August 4, 1999

Place : Pune  
Date : August 4, 1999

**Profit and Loss Account for the period ended December 31, 1998**

	Schedule	April 01, 1998 to December 31, 1998 Rs.	April 1, 1997 to March 31, 1998 Rs.
<b>1) Income</b>			
Sales and Services	M	69,260,736	90,999,431
Other Income	N	592,638	402,589
<b>Total</b>		<b>69,853,374</b>	<b>91,402,020</b>
<b>2) Expenditure</b>			
Material Consumed	O	79,775,289	87,173,288
Manufacturing Expenses	P	7,896,108	10,142,514
Personnel Expenses	Q	8,585,883	8,064,057
Finance Charges	R	13,138,019	21,902,508
Administrative and Selling Expenses	S	16,530,410	17,660,267
Depreciation (Refer Schedule T, Note 11)		6,631,911	12,996,303
<b>Total</b>		<b>132,557,620</b>	<b>157,938,937</b>
<b>3) Loss for the period/year</b>			
Loss brought forward from previous year		87,040,912	20,503,995
Loss carried to the Balance Sheet Notes to the Accounts	T	149,745,158	87,040,912

Schedules referred to above and attached herewith form an integral part of the Profit and loss Account.

This is the Profit and Loss account referred in our report of even date.

**P. N. Ghatālia**  
Partner  
For and on behalf of  
Price Waterhouse & Co.  
Chartered Accountants.

Place : Pune  
Date : August 4, 1999

For and On behalf of the Board

**Giorgio Lacovara**  
Chairman and Managing Director

**N. J. Keshavdas**  
Nominee Director, Parmalat, S.p.A.

Place : Pune  
Date : August 4, 1999

**Schedules annexed to and forming part of the Balance Sheet as at December 31, 1998**

	December 31, 1998	March 31, 1998
	Rs.	Rs.
<b>Schedule A : Share Capital</b>		
<b>Authorised Capital</b>	310,000,000	180,000,000
31,000,000 (previous year 18,000,000) equity shares of Rs. 10 each		
<b>Issued subscribed and paid up</b>		
30962650 (previous year 16,462,650) Equity Shares of Rs. 10 each fully paid.	309,626,500	164,626,500
<b>Notes :</b>		
1) The Authorised Share Capital of the Company has been increased by Rs. 130,000,000 by creation of 13,000,000 Equity Shares of Rs. 10 each pursuant to the special resolution passed at the Extra Ordinary General Meeting held on September 1, 1998.		
2) Of the above, 22,895,850 (Previous Year 8,395,850) Equity Shares of Rs. 10/- each are held by Parmalat S.p.A. Italy the holding Company		
3) During the period, 14,500,000 Equity Shares of Rs. 10/- each have been allotted to Parmalat S.p.A., Italy, on preferential basis at a premium of Rs. 1.35/- per share.		
<b>Total</b>	309,626,500	164,626,500

**Schedule B : Reserves and Surplus**

Share Premium Account	19,575,000	-
<b>Total</b>	19,575,000	-

**Schedule C : Unsecured Loans**

Term Loan from banks [Repayable within a year Rs. Nil (Previous year Rs. 69,661,580)]		69,661,580
Cash Credit facility from Banks	4,925,304	47,004,164
<b>Total</b>	4,925,304	116,665,744

**Note :**

The term loan from bank as at March 31, 1998 has been fully repaid during the year.

Schedules forming part of the Balance Sheet as at December 31, 1998

Schedule D : Fixed Assets  
[Refer Schedule T Notes 1 (B) and 11]

Particulars	Gross Block				Depreciation				Net Block	
	As at April 1, 1998 Rs.	Addition During the period Rs.	Deductions during the period Rs.	As at December 31, 1998 Rs.	As at April 1, 1998 Rs.	For the Period Rs.	Adjustments during the period Rs.	As at December 31, 1998 Rs.	As at December 31, 1998 Rs.	As at March 31, 1998 Rs.
Land and Site Development	3,512,764	-	-	3,512,764	-	-	-	-	3,512,764	3,512,764
Buildings	46,015,273	17,099,644	-	63,114,917	2,316,972	1,321,483	-	3,638,455	59,476,462	43,698,301
Plant and Machinery	112,660,430	7,437,667	2,020,412	118,077,685	17,849,768	4,881,784	151,952	22,579,600	95,498,085	94,810,662
Furniture and Fixtures	1,639,884	3,458,539	-	5,098,423	187,296	178,946	-	366,242	4,732,181	1,452,588
Vehicles	3,495,368	50,598	-	3,545,966	621,666	249,698	-	871,364	2,674,602	2,873,702
Total	167,323,719	28,046,448	2,020,412	193,349,755	20,975,702	6,631,911	151,952	27,455,661	165,894,094	146,348,017
Previous Year	159,118,874	8,204,845	-	167,323,719	7,979,399	12,996,303	-	20,975,702		
Capital Advances									62,169	6,708,960
									<b>165,956,263</b>	<b>153,056,977</b>

## Schedules forming part of the Balance Sheet as at December 31, 1998

	December 31, 1998 Rs.	March 31, 1998 Rs.
<b>Schedule E : Investments</b>		
<b>[Refer Schedule T Note 1 (C)]</b>		
Long Term, Unquoted - other than trade		
Kisan Vikas Patra	10,000	10,000
Industrial Credit and Investment Corporation of India Bonds (40 Bonds of Rs. 5,000 each fully paid up)	200,000	200,000
National Saving Certificates	5,000	5,000
<b>Total</b>	<b>215,000</b>	<b>215,000</b>
<b>Schedule F : Inventories</b>		
<b>[Refer Schedule T Note 1 (D)]</b>		
Raw Material (Including material in - transit Rs. 103,100 Previous Year Nil)	667,876	8,241,374
Packing Material, Stores and Spare Parts	5,562,120	2,761,093
Crates and Cans	1,314,530	683,489
Work in Progress	501,600	364,773
Finished Goods	10,038,447	1,813,752
<b>Total</b>	<b>18,084,573</b>	<b>13,864,481</b>
<b>Schedule G : Sundry Debtors (Unsecured)</b>		
Debts considered Good		
Outstanding for a period exceeding six months	369,245	266,502
Others	1,435,608	10,092,545
<b>Total</b>	<b>1,804,853</b>	<b>10,359,047</b>
Debts considered Doubtful		
Outstanding for a period exceeding six months	243,505	80,161
Less Provision for Doubtful Debts	243,505	80,161
<b>Total</b>	<b>1,804,853</b>	<b>10,359,047</b>
<b>Schedule H : Cash and Bank Balances</b>		
Cash on Hand	300,880	119,993
With Sheduled Banks		
On Current Accounts [(Including funds in transit Rs. 1,163,995 (Previous year Nil)]	6198,798	11,243,143
On Deposit Accounts	109,000	12,400,000
<b>Total</b>	<b>6,608,678</b>	<b>23,763,136</b>

## Schedules forming part of the Balance Sheet as at December 31, 1998

	December 31, 1998 Rs.	March 31, 1998 Rs.
<b>Schedule I : Other Current Assets</b>		
Interest Accrued		
- On Fixed Deposits with Banks		83,035
- On ICICI Bonds	4,000	28,000
<b>Total</b>	<b>4,000</b>	<b>111,035</b>
<b>Schedule J : Loans and Advances (Unsecured - Considered Good unless otherwise stated)</b>		
<i>Advances Recoverable in cash or in kind or for value to be received</i>		
Considered Good	3,150,732	8,168,948
Considered Doubtful	5,248,160	3,248,160
	8,398,892	11,417,108
Less : Provision for Doubtful Advances	5,248,160	3,248,160
	3,150,732	8,168,948
Deposits	4,612,947	1,299,000
Balance with Central Excise	30,091	
Income Tax Deducted at Source	107,399	53,592
<b>Total</b>	<b>7,901,169</b>	<b>9,521,540</b>
<b>Schedule K : Current Liabilities and Provisions</b>		
Current Liabilities		
Sundry Creditors	8,721,413	8,667,406
[Refer Schedule T Note (9)]		
Other Liabilities (Refer Schedule T, Note 4)	9,607,840	5,512,530
Advances from Customers	694,036	1,554,246
Interest accrued But Not Due	296,877	4,445,786
<b>Total</b>	<b>19,320,166</b>	<b>20,179,968</b>
<b>Schedule L : Miscellaneous Expenditure (to the extent not written off or adjusted)</b>		
[Refer Schedule T, Note 1 (G)]		
Company Formation Expenses	182,161	233,395
Public Issue Expenses	1,458,682	1,868,937
Debenture Issue Expenses	203,040	260,145
Deferred Revenue Expenditure	712,124	912,411
Share Issue Expenses	571,269	265,196
<b>Total</b>	<b>3,127,276</b>	<b>3,540,084</b>

Schedules forming part of the Profit & Loss Account for the period ended  
December 31, 1998

	December 31, 1998 Rs.	March 31, 1998 Rs.
<b>Schedule M : Sales and Services</b>		
Sale of Milk	35,216,438	23,482,087
Sale of Ghee	15,684,434	33,155,157
Sale of Skimmed Milk Powder	15,831,640	21,272,315
Other Milk Products	2,246,221	12,571,522
Processing and Conversion Charges	282,003	518,350
<b>Total</b>	<b>69,260,736</b>	<b>90,999,431</b>
<b>Schedule N : Other Income</b>		
Interest (Gross)		
on deposits	214,468	121,042
others	25,608	51,660
[Tax deducted at source Rs. 65,486 (Previous Year Rs. 34,974)]		
Miscellaneous Income [ including depreciation in respect of earlier years written back Rs. 151,952 (Previous year Rs. Nil)]	352,562	229,887
<b>Total</b>	<b>592,638</b>	<b>402,589</b>
<b>Schedule O : Material Consumed</b>		
Raw Material Consumed		
Opening Stock	8,241,374	105,880
Add : Purchases	75,092,275	84,401,889
Less : Closing Stock	667,876	8,241,374
	<b>82,665,773</b>	<b>76,266,395</b>
Packing Material, Stores and Spares Consumed		
Opening Stock	2,761,093	1,557,580
Add : Purchases	8,272,065	8,931,307
Less : Closing Stock	5,562,120	2,761,093
	<b>5,471,038</b>	<b>7,727,794</b>
(Increase)/Decrease in Stock of Finished Goods		
Opening Stock	1,813,752	4,834,178
Closing Stock	10,038,447	1,813,752
	<b>(8,224,695)</b>	<b>3,020,426</b>
(Increase)/Decrease in Stock of Work -in-Progress		
Opening Stock	364,773	523,446
Closing Stock	501,600	364,773
	<b>(136,827)</b>	<b>158,673</b>
<b>Total</b>	<b>79,775,289</b>	<b>87,173,288</b>

**Schedules forming part of the Profit & Loss Account for the period ended  
December 31, 1998**

	December 31, 1998 Rs.	March 31, 1998 Rs.
<b>Schedule P : Manufacturing Expenses</b>		
Power and Fuel	6,119,570	8,940,311
Repairs and Maintenance - Plant and Machinery	80,975	104,613
Repairs and Maintenance - Others	239,205	317,529
Other manufacturing Expenses	1,456,358	780,061
<b>Total</b>	<b>7,896,108</b>	<b>10,142,514</b>
<b>Schedule Q : Personnel Expenses</b>		
Salaries and Wages	8,239,442	7,932,547
Contribution to Provident Fund and Other Funds	263,325	
Staff Welfare	83,116	131,510
<b>Total</b>	<b>8,585,883</b>	<b>8,064,057</b>
<b>Schedule R : Finance Charges</b>		
Interest on Term Loans	6,334,955	15,765,076
Interest on Cash Credits	6,285,430	1,544,123
Bank Charges	274,105	237,608
Prepayment Premium paid to Financial Institution	-	4,278,435
Other charges	243,529	77,266
<b>Total</b>	<b>13,138,019</b>	<b>21,902,508</b>
<b>Schedule S : Administration and Selling Expenses</b>		
Rent	706,350	322,201
Rates and Taxes	495,870	840,637
Electricity Charges	97,663	-
Repairs and Maintenance - Office	86,675	26,021
Bad debts written off	-	88,662
Sales Promotion and Commission	746,405	1,067,797
Carriage Outward	2,161,785	2,085,562
Travelling, Conveyance and Vehicle Hire	3,725,383	2,400,903
Telephone, Telex, Postage and Courier	1,381,728	1,041,931
Printing and Stationery	472,205	288,429



**Schedules forming part of the Profit & Loss Account for the period ended  
December 31, 1998**

	December 31, 1998 Rs.	March 31, 1998 Rs.
<b>Schedule S : Administration and Selling Expenses (cont'd)</b>		
Legal and Professional Charges	852,265	1,136,074
Insurance	225,072	431,262
Less Rent	1,144,989	1,526,652
Auditors' Remuneration		
Audit Fees	215,000	30,000
In Other Capacity - Others	80,000	40,000
Miscellaneous Expenditure Written off	802,926	1,100,412
Office Expenses	160,217	111,531
Crates Written Off	203,110	267,317
Security	511,046	495,577
Provision for Doubtful Advances	2,000,000	3,248,160
Provision for Doubtful Debts	163,344	80,161
Directors' Sitting Fees	7,000	15,000
Miscellaneous Expenses	291,377	1,015,978
<b>Total</b>	<b>16,530,410</b>	<b>17,660,267</b>

**Schedule T : Notes to the Accounts for the period ended December 31, 1998**

**1. Significant Accounting Policies**

**(A) Basis of Accounting :**

The Accounts have been prepared under historical cost convention on accrual basis and comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

**(B) Fixed Assets and Depreciation :**

Fixed Assets are stated at cost of acquisition or construction, less depreciation. Depreciation on fixed assets for the period has been provided on the Straight-line method, at the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on assets added / disposed off during the period has been provided on prorata basis with reference to month of addition / disposal also refer note. 11 below.

**Schedule T : Notes to the Accounts for the period ended  
December 31, 1998 (cont'd)****(C) Investments :**

Long term investments are valued at cost, less permanent diminution in value, if any.

**(D) Inventories :**

Inventories are valued at costs or net realisable value whichever is lower.

**(E) Retirement benefits :**

i) Gratuity is provided on accrual basis in accordance with the Payment of Gratuity Act, 1972.

ii) Provision for leave encashment is made for the value of unutilised leave due to the employees at the end of the period.

**(F) Foreign Currency Transaction :**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Current assets and current liabilities, are reflected in the Accounts at the exchange rate prevailing on the Balance Sheet date. Gains and losses on foreign exchange transactions are recognised in the Profit and Loss Account.

**(G) Miscellaneous expenditure (to the extent not written off) :**

Miscellaneous expenditure (to the extent not written off) are being written off on a straight line basis over a period of five years.

2. (a) Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for Rs. 106,832 (Previous Year Rs. 13,549,238)

(b) Future Lease obligations in respect of assets taken on lease amount Rs. 2,798,862 (Previous Year Rs. 3,943,851)

3. The Company is in the process of addressing the Year 2000 (Y2K) related issues, particularly in relation to the financial accounting system and third parties on whom they are dependent, and prepare a contingency plan, which according to the Management is expected to be completed by September 1999. In the Management's Opinion, the Company expects to be Y2K compliant in respect of areas which otherwise may vitiate the capacity of the Company to operate as a going concern in the Year 2000. The total expenditure required to achieve Y2K compliance is not expected to be significant.

4) Other Liabilities include Rs. 3,256,145 (Previous year Nil) being the excess share application money received from Parmalat S.p.A., Italy, the Holding Company. However, the necessary approval of the Reserve Bank of India for remittance thereof is yet to be obtained in this regard.

**Schedule T : Notes to the Accounts for the period ended  
December 31, 1998 (cont'd)**

	01.04.1998 to 31.12.1998 Rs.	01.04.1997 to 31.03.1998 Rs.
<b>5. Directors Remuneration :</b>		
i) Salaries	1,206,000	782,887
ii) Perquisites	456,461	258,525
iii) Gratuity	37,500	-
<b>Total</b>	<b>1,699,961</b>	<b>1,041,412</b>

**6. Goods manufactured :**

Products	Unit	Licensed Capacity	Installed Capacity Refer Note 1 below	Actual Production	Qty Opening Stock	Amount (Rs.)	Qty Closing Stock	Amount (Rs.)
1. Pasturised Milk	Ltrs	20,000 Ltrs/day	50,000 Ltrs/day	3,968,534 (2,760,873)	12,050 (12,370)	107,330 (105,893)	20,504 (12,050)	208,877 (107,330)
2. Ghee	Kgs.	1,000 kgs/day	4,000 kgs/day	184,418 (200,119)	2,339 (34,075)	262,575 (3,476,803)	38,811 (2,339)	4,124,852 (262,575)
3. Skimmed Milk Powder	Kgs.	7,000 kgs/day	5,000 kgs/day	251,126 (372,292)	11,825 (15,589)	638,550 (904,162)	2,300 (11,825)	130,125 (638,550)
4. Other Milk Products	Kgs.	-	-	236,487 (88,810)	12,370 (5,778)	805,297 (346,680)	91,868 (12,370)	5,574,593 (805,297)

- As certified by the Managing Director of the Company and accepted by the Auditors without verification, as this is a technical matter.
- Captive Consumption of Skimmed Milk Powder, Instant Dairy Mix, and Dairy Whitener are not included in actual production.
- Difference in the quantitative details are due to Samples distributed, testing, curdling of Milk, leakages, spoilages shortages and other losses for which details are not readily ascertainable.
- Previous year figures are indicated in the brackets.

**Schedule T : Notes to the Accounts for the period ended  
December 31, 1998 (cont'd)****7. Raw Material Consumed - Indigenous**

Type of Material	Unit	Quantity		Value	
		01.04.1998	01.04.1997	01.04.1998	01.04.1997
		to	to	to	to
		31.12.1998	31.03.1998	31.12.1998	31.03.1998
			Rs.		Rs.
1. Milk	Ltrs.	7,171,658	7,086,134	66,452,140	65,894,043
2. Other Raw Materials					
Instant Dairy Mix	Kgs.	170,550	81,000	9,023,953	4,196,220
Skimmed Milk Powder	Kgs.	97,975	107,994	5,782,322	6,176,132
Dairy Whitener	Kgs.	20,000	---	1,280,000	---
Other Items		---	---	127,358	---
<b>Total</b>				<b>82,665,773</b>	<b>76,266,395</b>

**8. TURNOVER**

Products	Unit	Quantity		Value	
		01.04.1998	01.04.1997	01.04.1998	01.04.1997
		to	to	to	to
		31.12.1998	31.03.1998	31.12.1998	31.03.1998
				Rs.	Rs.
1. Sale of Milk	Ltrs.	3,939,109	2,761,193	35,216,438	23,482,087
2. Sale of Ghee	Kgs.	147,259	231,855	15,684,434	33,155,157
3. Sale of Skimmed Milk Powder	Kgs.	261,183	376,056	15,831,640	21,272,315
4. Sale of other Milk Products	Kgs.	152,540	140,036	2,246,221	12,571,522
<b>Total</b>				<b>68,978,733</b>	<b>90,481,081</b>

**Schedule T : Notes to the Accounts for the period ended  
December 31, 1998 (cont'd)**

9. In view of the multiplicity and identification of accounts relating to Small Scale Industrial Undertakings information for determining the particulars relating to current indebtedness to such undertakings as required under Schedule VI Part I to the Companies Act, 1956 are not readily available.
10. The Company has not appointed a Company Secretary as required u/s 383 A (1) of the Companies Act, 1956, and, as such, these Accounts are not authenticated by the Company Secretary.
11. Upto March 31, 1998 the Company provided depreciation on the entire Plant and Machinery on triple shift basis, irrespective of whether the plant worked triple shift or not. However, with effect from April 1, 1998, the Company has provided depreciation on triple shift basis on only those items of Plant and Machinery that have actually worked triple shift. Had depreciation been provided on the basis adopted upto March 31, 1998, the depreciation charge and loss for the period would have been higher by Rs. 3,962,548.
12. No Provision for taxation has been made in view of the loss for the year.
13. Information with regard to other matters specified in Part II of Schedule VI of the Companies Act, 1956 are either nil or not applicable to the company for the period ended December 31, 1998.
14. Additional information pursuant to Part IV of Schedule VI - Refer Annexure.
15. The Company has changed its accounting year from April 1 to March 31 to January 1 to December 31. Accordingly, this accounting period is for nine months ended December 31, 1998 and the current period's figures are not comparable with the previous year's figures. Figures in respect of the previous year have been regrouped/rearranged, wherever necessary.

**Note :** All Schedules from Schedule 'A' to Schedule 'T' have been signed by the following :

For and On behalf of Board

**P. N. Ghatalia**

Partner

For and On behalf of

Price Waterhouse & Co.

Chartered Accountants.

**Giorgio Lacovara**

Chairman and Managing Director

**N. J. Keshavdas**

Nominee Director, Parmalat, S.p.A.

Place : Pune

Date : August 4, 1999

Place : Pune

Date : August 4, 1999



Additional information Pursuant to Part IV of the Schedule VI to the Companies Act, 1956.  
**Balance Sheet Abstract and Company's General Profile**  
 (Refer Schedule T, Note 14)

**I. REGISTRATION DETAILS**

Registration No.	74424	State Code	11
Balance Sheet Date	31.12.98		

**II. CAPITAL RAISED DURING THE YEAR****(Amount in Rs. Thousands)**

Public Issue	Nil	Bonus issue	Nil
Rights Issue	Nil	Private Placement	Rs. 145000
		(Excluding Share Premium)	

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS****(Amount in Rs. Thousands)**

Total Liabilities	24245	Total Assets	200575
(excluding Shareholders Funds)		(excluding miscellaneous expenditure to the extent not written off or adjusted)	

**SOURCES OF FUNDS**

Paid up Capital	309627	Reserves and Surplus	19575
Secured Loans	Nil	Unsecured Loans	4925

**APPLICATIONS OF FUNDS**

Net Fixed Assets	165956	Investments	215
Net Current Assets	15083	Miscellaneous Expenditure	3127
Accumulated Losses	149745		

**IV. PERFORMANCE OF THE COMPANY****(Amount in Rs. Thousands)**

Turnover	69261	Total Expenditure	132558
Profit / (Loss) Before Tax	(62704)	Profit / (Loss) After Tax	(62704)
Earning Per Share (Rs.)	N. A.	Dividend Rate (%)	Nil

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY****(As per Monetary Terms)**

Item Code No. (ITC Code)	04040002
Product Description	WHEY, DRY, BLOCKS & POWDERED
Item Code No. (ITC Code)	04050003
Product Description	MELTED BUTTER (GHEE)
Item Code No. (ITC Code)	04050001
Product Description	BUTTER-FRESH (WHETHER SALTED OR NOT)



## **SWOJAS ENERGY FOODS LIMITED**

Regd. Office : S. No. 106-A/1, Plot No. 17, Nirmity Chambers, Off. Senapati Bapat Road,  
Shivajinagar, Pune 411 016.

### **ATTENDANCE SLIP**

The Folio No. and Name(s) of the Member/Joint Members are to be furnished in BLOCK LETTERS.

Folio No. \_\_\_\_\_ No. Of Shares held \_\_\_\_\_

Full Name (s) of the Member/Joint Members

1. \_\_\_\_\_ 2. \_\_\_\_\_

3. \_\_\_\_\_ 4. \_\_\_\_\_

Full Name of the Proxy(ies) if attending the Meeting

I hereby record my presence at the 6th Annual General Meeting of the Company, being held on Tuesday, the 31st Day of August, 1999 at 11.00 a.m.

Signature of the Member(s) / Proxy(ies) attending the Meeting.

Date : \_\_\_\_\_

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTERANCE OF THE MEETING HALL.

## **SWOJAS ENERGY FOODS LIMITED**

Regd. Office : S. No. 106-A/1, Plot No. 17, Nirmity Chambers, Off. Senapati Bapat Road,  
Shivajinagar, Pune 411 016.

### **PROXY**

I/we \_\_\_\_\_ of \_\_\_\_\_ being a Member/Members of Swojas Energy Foods Ltd., hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy to vote for me/us on my / our behalf at the 6th Annual General Meeting of the Company to be held on Tuesday, the 31st Day of August, 1999 at 11.00 a.m. and at any adjournment thereof.

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of

30 Paise  
Revenue  
Stamp

Regd. Folio No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

### **NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY STAMPED AND SIGNED NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. A Thirty Paise Revenue Stamp should be affixed to this and it should then be signed by the Member/s.

BOOK - POST

TO,

*If undelivered, please return to :*

***SWOJAS ENERGY FOODS LIMITED***

Regd. Office : S. No. 106-A/1, Plot No. 17,  
Nirmiti Chambers, Off. Senapati Bapat Road,  
Shivajinagar, Pune 411 016.