



WIC	✓		BKC	✓
CS	✓		DZY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓			



FIFTH **ANNUAL** **REPORT** **1996-97**



Board of Directors

Sri. N.D. Prabhu, *Chairman*

Sri. Vishan Swarup Aggarwal

Sri. Shrish Chandra Aggarwal

Sri. Utsav Parekh

Sri. Philip Van Bosstraten

Sri. Shanti Swarup Aggarwal, *Managing Director*

Dr. G. Deve Gowda

Sri. H. Amarnath, Nominee - KSIIDC

Dr. T.S. Sathyanarayana Rao - Nominee - KSIIDC

Auditors

Abarna, Ananthan, Guru & Janardhana,
Chartered Accountants
Bangalore.

Consulting Secretary

Uday Shankar R.M

Bankers

Vijaya Bank
Andhra Bank

Registered Office

984, 12th Main, 1st Cross,
H.A.L. II Stage, Indiranagar,
Bangalore - 560 008.

Factory

Plot No. 30, KIADB Industrial Area,
Malur, Kolar District. Karnataka.

Share Transfer Agents

Genesis Finsoft (P) Ltd
3, 9th Main, 9th Cross,
Ex. Servicemen Colony,
Vasanthnagar,
Bangalore - 560 052
Phone : 2255533

FIFTH ANNUAL REPORT 1996-97

NOTICE

NOTICE is hereby given to the Members that the Fifth Annual General Meeting of the members of OVOBEL FOODS LIMITED will be held on Friday the 8th August 1997 at The Chancery, Hotel Atria, Palace Road, Bangalore 560 001 at 3.30 P.M. to transact the following business.

Ordinary Business

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March 1997 together with the schedules, notes to the Accounts and the Auditors Report & Directors Report.
2. To appoint a Director in place of Sri N. D. Prabhu who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sri Shrish Chandra Aggarwal who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

Special Business

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

"RESOLVED THAT the consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act, 1956 to the Board of Directors of the Company to borrow from time to time all such sums of money as they deem requisite for the purpose of business of the Company, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary

loans obtained by the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount upto which moneys may be borrowed by the Board of Directors shall not exceed the aggregate of the paid up capital and free reserves of the Company by more than the sum of Rs.30 crores (Rupees Thirty crores only)."

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

"RESOLVED THAT the consent of Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and/or charging by the Board of Directors of the Company, all the immovable properties of the Company wherever situated both present and future, and/or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of Govt. of India, Ministry of Food Processing acting through KSIIDC."

a) Rupee Term Loan not exceeding Rs.50 Lakhs (Rupees Fifty Lakhs only) lent and advanced/agreed to be lent and advanced by Govt. of India, Ministry of Food Processing acting through KSIIDC to the Company.

b) Together with Interest thereon at the respective agreed rates, compound interest, additional Interest, liquidated damages, premia on prepayment or on redemption, guarantee commission, costs, charges, expenses and other monies payable to Govt. of India, Ministry of Food Processing acting through KSIIDC under the Loan Agreements/Letters of Sanction/Memorandum of Terms and Conditions entered into/or amendments or modifications to be entered into by the Company in respect of the said Term Loans.

Notes

1. The Explanatory Statement under Sec 173 of the Companies Act, 1956 in respect mentioned in items 5 & 6 above is attached hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
3. The Register of Members and Transfer books of the Company will be closed from Monday 4th August to Friday 8th August 1997, both days inclusive.

Explanatory Statement

In terms of Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating inter alia to the special business mentioned in the accompanying Notice dated June 17th 1997.

Item No.5

At the Second Annual General Meeting held on 2nd Sept, 1994 the members approved the borrowing power of the Board of Directors to an extent of Rs.20 crores (Rupees Twenty Crores). Considering the expansion plans of the Company for the future it is proposed that this limit be increased to Rs.30 crores (Rupees Thirty Crores). The members approval is being sought to empower the Board of Directors to borrow upto Rs.30 crores (apart from temporary loans obtained from the Company's bankers and other sources in the ordinary course of business). None of the Directors of the Company has any concern or interest in this item of business.

Item No.6

The Company had approached Ministry of Food Processing Industries (MFPI) for a term loan of Rs.50 lakhs which was duly sanctioned. This loan has to be secured by a mortgage/charge over the Immovable and movable property of the company. Section 293 (1)(a) of the Companies Act 1956, provides that the Board of Directors of the Company shall not without the consent of the members in a General meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking. Since the mortgaging of the Company's properties in favour of Ministry of Food Processing Industries/KSIIDC may be regarded as disposal of the Company's undertaking, it is deemed desirable to pass a Resolution in conformity with the provisions of Section 293 (1)(a) of the Companies Act, 1956.

The Directors recommend the resolution for the approval of members.

None of the Directors are interested in this item of business.

By Order of the Board
For OVOBEL FOODS LTD.

Bangalore
June 17th, 1997

Shanti Swarup Aggarwal
Managing Director

Registered Office
984, 12th Main, 1st Cross,
HAL II Stage, Indiranagar,
Bangalore - 560 008.

5TH ANNUAL REPORT 1996-97**DIRECTORS' REPORT**

To The Shareholders

Your Directors have pleasure in presenting their 5th Annual Report and Audited Accounts for the year ended 31st March, 1997

PERFORMANCE OF THE COMPANY

Your Company's performance during 1996-97 is summarised below :

	(Rs. lacs)
Gross Turn over	1743.47
Profit before tax	19.18
Profit after tax	18.38

The Company's performance for the year 1996-97 as against the projection made is as under

	Projections (Rs. lacs)	Actuals (Rs. lacs)
Sales	2288.00	1743.47
Profit after Tax	245.00	18.38

The Company was setup to manufacture Egg Powder and Frozen Egg Liquid. The Company commenced commercial production in May 96, as against projection of Sept. 95 in the offer document when the company went public. The delay in commencement of commercial production was due to delayed shipment of certain critical machinery by overseas machinery suppliers. During the period under review the Company manufactured 1198.69 MT of egg powder. The Company did not manufacture frozen egg liquid as the market for this product was slightly dull during 96-97. Egg powder is a new product being exported from India, and as a result the Company entered the international markets at lower prices than established European manufacturers. As such the above projections could not be met.

FUTURE PROSPECTS

The global market for egg powders has been growing at an average rate of 10% p.a. Due to the removal of subsidies in Europe, the cost of production increased drastically and hence many overseas buyers are look-

ing to supplies from countries with lower cost of production. India is one such country which enjoys lower egg prices as compared to Europe and Japan. Your Company's products have been well accepted in various countries and since January 1997, the Company has been realising sales prices comparable to established European manufacturers. Your company has also entered new markets in Russia and other countries of the erstwhile Soviet Union and the response has been encouraging. Your Company is contemplating an expansion programme to increase capacity. This expansion programme is being drawn up and will be implemented in a phased manner. The effect of this expansion programme will be partly reflected in the working results for 1997-98.

DIVIDEND

In order to conserve resources for future growth your Directors do not recommend dividend for the current financial year.

PERSONNEL

The Board wishes to place on record its appreciation to all employees in the Company for their sustained efforts and immense contribution to the high level of performance. Your Company continued its emphasis on training and development of employees at all levels which has ensured manufacture and export of world class products to quality conscious countries like Japan, Holland, Belgium etc.

Pursuant to Section 217(2A) of the Companies Act, 1956 the requisite information concerning the particulars of employees is given in Annexure 'A' to this report.

DIRECTORS

In accordance with the Articles of Association of the Company, Mr. N.D.Prabhu and Mr.Shrish Chandra Aggarwal, Directors retire at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment.

OVOBEL FOODS LIMITED**CONSERVATION OF ENERGY, TECHNOLOGY
ABSORPTION AND FOREIGN EXCHANGE
EARNINGS/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 is given in Annexure 'B' hereto and forms part of this report.

Your Directors wish to place on record their sincere thanks for the assistance and cooperation received from the concerned departments of the Government, Financial Institutions and the Bankers.

For and on behalf of Board Of Directors

AUDITORS

The Auditors M/s Abarna, Ananthan Guru & Janardhana retire and offer themselves for re-appointment.

Bangalore
June 17, 1997.

Shanti Swarup Aggarwal
Managing Director

CONCLUSION**Annexure 'A' to Directors report**

Information as per Section 217(2-A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors Report for the year ended 31st March, 1997.

Name	Age	Qualification	Date of Employment	Designation	Remuneration Received		Expe- rience	Last Employment
					Gross	Net		
S.S.Aggarwal*	45	B.Com	from inception	Managing Director	75,000	60,000	25	--
V.K.Sharma	50	B.Tech PGDBM	13-2-95	General Manager	438,000	198,000	25	Factory Mgr. Brooke Bond Lipton India Ltd.
Gross remuneration received includes Salary and Taxable value of perquisites. Net remuneration received includes Salary less Income Tax. Nature of employment is contractual, and are subject to the rules and regulations of the Company in force. * Remuneration was paid for 3 months.								

By Order of the Board
for **OVOBEL FOODS LTD.**

Bangalore
June 17th, 1997

Shanti Swarup Aggarwal
Managing Director