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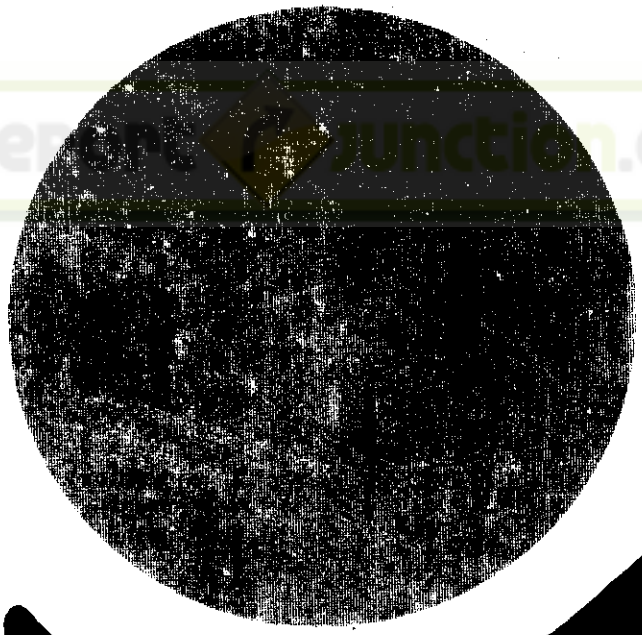
OVOBEL
FOODS LIMITED

7th

ANNUAL REPORT

1998-99



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Board of Directors

Sri. Vishan Swarup Aggarwal

Sri. Utsav Parekh

Sri. Philip Van Bosstraten

Sri. Shanti Swarup Aggarwal, *Managing Director*

Sri. H. Amarnath, Nominee - KSIIDC

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

Sri. Alok Kumar Agarwal - Nominee - ICICI

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

Bankers
Vijaya 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

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NOTICE

NOTICE is hereby given to the Members that the Seventh Annual General Meeting of the members of OVOBEL FOODS LIMITED will be held at 3.00.P.M. on Wednesday, the 25th day of September, 1999 at the Registered Office of the company viz., 984, 1st Cross, 12th Main, HAL II Stage, Indiranagar - Bangalore 560 008 to transact the following business. :

Ordinary Business

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 1999 together with the Schedules, Notes to the Accounts and the Auditors Report & Directors Report.

2. To appoint a Director in place of Mr Philip Van Bosstraten who retires by rotation and being eligible, offers himself for reappointment.

3. 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

4. **"RESOLVED THAT** Mr Alok Kumar Agarwal, who was appointed as an additional director of the Company on 30/1/99 as per Section 260 of the Companies Act 1956 and who holds office upto the date of this meeting and who being eligible offers himself for reappointment by the Company and in respect of whom the Company has received a notice in writing from a member proposing him as a candidate for the office of Director, be and is hereby appointed as a Director of the Company."

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

Bangalore
July 5th, 1998

Shanti Swarup Aggarwal
Managing Director

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

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES HOWEVER SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

EXPLANATORY STATEMENT

The Explanatory statement required under section 173 of the Companies Act 1956 in respect of special business mentioned in the Notice is attached hereto.

ITEM NO.4

Mr. Alok Agarwal was appointed as additional Director on 30/1/99 under the provisions of Section 260 of the Companies Act, 1956. He holds office under the provisions of the Companies Act, 1956 until the conclusion of the ensuing Annual General Meeting and is eligible for reappointment. Notice under Section 257 of the above Act have been received along with the requisite deposit signifying intention to propose him as Director. Mr. Alok Agarwal has varied business experience and his presence will help the Board in getting valuable inputs for decision making.

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

The directors recommend the same for adoption.

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

Bangalore
July 5th, 1999

Shanti Swarup Aggarwal
Managing Director

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

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DIRECTORS' REPORT

To The Shareholders

Your Directors present their Seventh Annual Report and Audited Accounts for the year ended 31st March, 1999.

PERFORMANCE DURING THE YEAR AND FUTURE PROSPECTS

Your Company's performance during 1997-98 is summarised below :

		(Rs. lacs)
Gross Income	:	735.94
Total Expenses	:	671.74
Profit before Interest & Depreciation	:	64.20
Interest	:	237.74
Depreciation	:	91.47
Loss for the year	:	265.01

The negative propaganda by some of the competing countries that Indian Egg products are contaminated with pesticides have been effectively countered by the Association of Egg Product Producers of India of which your company is also an active member. Your company has been successful in delivering quality products to various countries including the European Union which are as per the standards specified by the EU norms. In the meanwhile, your company has also explored new markets which were less particular about pesticides. Your company had during April & May '98 suspended production due to high inventory and is also cutting costs drastically.

During the current year, the company has procured large orders from a European Union country. On successful completion of the orders, the company expects the order position to improve further. The Company has had a turnover of Rs.374 Lakhs for the period April 99 to July 99 which is more than 50% of the total turnover for the previous year. The order position is also very good and the company has in hand orders worth approx. Rs.260 lakhs to be executed before 30th September, 1999.

During the second half of the current year, the order position is likely to improve substantially as the winter months and festive season in Europe increases the demand for egg powder.

In view of the improved market, good order position, improvement in international prices and drastic cut in costs, the Company hopes to break even during the next financial year.

DIVIDEND

Your Directors do not recommend dividend for the current year.

DIRECTORS

Mr Philip Van Bosstraten retire at the ensuing Annual General Meeting of the Company and being eligible offers himself for reappointment. Mr Alok Kumar Agarwal, nominee of ICICI was appointed as Director of the Company in the Board meeting held on 30/1/99 in terms of Section 260 of the Companies Act, 1956 and holds office until the conclusion the ensuing Annual General Meeting and being eligible offers himself for reappointment.

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 performance of the Company. Pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, the requisite information is furnished in Annexure "A" and forms a part of this report.

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 a part of this report.

AUDITORS'

The Auditors M/s Abarna, Ananthan, Guru & Janardhana, Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and offer themselves for re-appointment.

CONCLUSION

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

For and on behalf of Board Of Directors

Bangalore
July 5th, 1998

Shanti Swarup Aggarwal
Managing Director

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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 Gross	Net	Expe-rience	Last Employment
S.S.Aggarwal	47	B.Com	from inception	Managing Director	125,000	100,000	27	–
V.K.Sharma	52	B.Tech PGDBM	13-2-95	General Manager	647,000	513,800	27	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.

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

Bangalore
July 5th, 1999

Shanti Swarup Aggarwal
Managing Director

Annexure 'B' to Directors report

In accordance with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 read with Section 217 (1) (e) of the Companies Act, 1956.

1. Conservation of Energy

Particulars with respect to conservation of energy to the extent applicable :

A. Power & Fuel Consumption

	Current Year	Previous Year
(a) Electricity		
Purchased Unit	**2,27,728**	2,45,471
Total Amount	**12,41,022**	12,53,094
Rate/unit	**5.45**	5.10
(b) Own generation through generator		
Unit	7,73,284	8,53,986
Unit/litre of Diesel	1.50	3.41
Cost per unit	6.46	2.30
Consumption per unit (kg) of production of egg powder	2.22	1.20

2. Research and Development

Activities in respect of Research and Development in the Company were focused in the areas of Quality improvement, capacity increase and cost reduction.

3. Foreign Exchange Earnings and outgo (Rs. 000's)

Travel	Rs.613
Sales Commission	Rs.873
Others	Rs.130

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

Bangalore
July 5th, 1999.

Shanti Swarup Aggarwal
Managing Director

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