



**OVOBEL
FOODS LIMITED**

Ground Floor No.46, Old No. 32/1, 3rd Cross, Agha Abbas Ali Road, Ulsoor, Bangalore - 560 042
Tel: 91-80-25584145 / 25584146 Fax: 91-80-25584147
E-mail: obovelfoods@vsnl.com, URL: <http://www.ovobelfoods.com>



NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Company will be held on Friday, 28th September 2012, at 11:00 A.M, at the registered office of the Company at Grand Floor, New No.46, Old No.32/1, 3rd Cross, Agha Abbas Ali Road, Ulsoor Road, Bangalore-560042 to transact the following business:

Ordinary Business:

- 1 To receive, consider and adopt the Books of Accounts, Balance Sheet as on 31st March 2012, the Profit and Loss Account for the year ended on that date together with the reports of the Board of Directors and Auditors report thereon.
- 2 To appoint Mr. Filiep Van Bosstraeten, Director who retires by rotation and being eligible, offers himself for reappointment.
- 3 To appoint Mr. Shanti Swarup Aggarwal, Director who retires by rotation and being eligible, offers himself for reappointment.
- 4 To appoint the Auditors to hold the office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting.

SPECIAL BUSINESS:

ITEM NO 1: REMUNERATION TO DIRECTORS:

1. To consider and if thought fit, to pass with or without modification(s) if any, the following Ordinary Resolutions:

"RESOLVED THAT in modification of previous Resolutions passed in this regard and pursuant to the provisions of Article No. 79 and other applicable articles, if any, of the Articles of Association and Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, consent and approval of the Company be and is hereby accorded for the payment of remuneration to Mr. Shanti Swarup Aggarwal, Managing Director of the Company, w.e.f. April 1, 2012 as per the terms and conditions set out below.

- a. Salary: not exceeding Rs.20,00,000/- (Rupees Twenty Lacs Only) per annum with the authority to the Board of Directors to determine the salary and grant increased from time to time within the aforesaid limit.
- b. Perquisites: He will be entitled to perquisites, allowance, benefits, facilities and amenities such as furnished residential accommodation or house rent allowance in lieu thereof, furnishings, education allowance, utility allowance, medical reimbursement, holiday travel/ leave travel reimbursement/ allowance,

insurance, group term insurance and travel insurance and any other "allowances & perquisites". Allowances & Perquisites to be valued as per the Income- tax rules, wherever applicable and at actual cost to the company in other cases.

In addition to the above, he will also be entitled to the following benefits as per policy/rules of the company in force or as may be approved by the Board from time to time:

- i. Company maintained Car(s) with driver(s), Telephone and fax at residence, company's contribution to provident fund and superannuation fund, payment of gratuity and other retrial benefits and, Encashment of leave.
- c. The total remuneration including salary, allowances, perquisites and commission shall not exceed the limit as specified in Schedule XIII to the companies act, 1956.
- d. Subject to superintendence, control and direction of the Board, he shall perform such duties and functions as would be commensurate with his position as Managing Director of the Company and as may be delegated by the Board from time to time.

"RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to take such steps expedient or desirable to give effect to this resolution."

By Order of the Board of Directors

For, OVOBEL FOODS LIMITED



SHANTI SWARUP AGGARWAL
Managing Director

Place: Bangalore

Date: 4th September 2012

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the company. Proxies in order to be effective should be deposited at the registered office of the company not less than forty -eight hours (48 Hrs) before the time scheduled for commencement of the meeting.
2. The Register of Members and Transfer Books of the Company will be closed from 27th September,2012 to 28th September,2012 (Both Days inclusive).
3. The Register of Directors' shareholding, maintained under Section 307 of the Companies Act 1956, is available for inspection by the members at the Annual General Meeting.
4. The Register of Contracts, maintained under Section 301 of the Companies Act, 1956, is available for inspection by the members at the Registered Office of the company.
5. Shareholders are requested to lodge the Share Transfer Deeds duly executed and intimate change of addresses if any, to its Registrars M/s. Alpha Systems Private Limited at No.30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore -560 003.

By Order of the Board of Directors

For, OVOBEL FOODS LIMITED



SHANTI SWARUP AGGARWAL
Managing Director

Place: Bangalore

Date: 4th September 2012



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**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF
THE COMPANIES ACT,1956**

ITEM NO 1: REMUNERATION TO DIRECTORS:

Mr. Shanti Swarup Agarwal aged about 61 years, is a Bachelor of Commerce. He has notched up many successes during his career over (37) years. He has a meritorious track record and experience managing large business operations.

Mr. Shanti Swarup Agarwal is one of the promoter of the company and he continued to be a managing director from the date of Incorporation of this company for a term of 17 years, on the terms as set out in the Resolution and the Employment Agreement executed with him .

The remuneration as set out in the Resolution is in accordance with the provisions of Schedule XIII of the Companies Act,1956.

The Notice read with the Explanatory Statement should be considered as an abstract of the terms of the appointment and the remuneration to Mr. Shanti Swarup Agarwal and the memorandum as to the nature of the concern or interest of the Director as required under section 302 of the companies act 1956.

By Order of the Board of Directors

For OVOBEL FOODS LIMITED

**SHANTI SWARUP AGGARWAL
Managing Director**

Place: Bangalore

Date: 4th September 2012

DIRECTORS' REPORT

To the Members

OVOBEL FOODS LIMITED,

Your Directors have pleasure in presenting the Twentieth Annual Report of the business and operations of the company together with the audited accounts for the year ended 31st March 2012.

REVIEW OF OPERATIONS:

The company's income for the year under review has increased substantially in comparison to previous year. The total income of the company is Rs. 696,214,000 (Previous year Rs. 543,642,000). The company has registered a profit of Rs. 19,439,000 in the year under review (previous year profit of Rs. 7,085,000) the amount of loss after tax carried to the balance sheet is Rs. 15,221,000. The Earning per share for the year under review is Rs.-1 (previous year Rs.-2). In order to consolidate the company's position, the Board of Directors have not recommended declaration of dividend for the year under review.

Your directors are confident that the company would continue its performance in the years to come. Your directors are making every effort to reach a growth phase in the financial year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

a. Industry structure and developments:

The company operates in the domain of egg powder and frozen egg manufacture and exports.

At present there are only few companies are active in this domain in India. Your Company has identified the new markets to and increased its customer base and product range.

Your company has built a reputation over the years amongst its customer for quality products.

b. Opportunities and Threats:

At present only other few units are actively manufacturing these products in the country.

The company can utilize its past experience and skill to stabilize in this industry.

c. Segment wise or product wise performance:

The company was operating in one predominant segment i.e. manufacture of standard egg powder and frozen egg. At present the company is involved in making specialized products in this segment.

d. Out look:

Despite the severe working capital shortage, your directors have prioritized in improving its quality measures and have been successful in keeping its clients happy on the product quality front.

The management looks to the future with optimism.

e. Risks and concerns:

- Due to the constant rise in raw material prices in the country in the recent past the cost of production is on an increasing trend.
- Rising man power costs is also a major concern the industry is facing.
- Severe shortage of working capital funds is again a concern for the industry.

The company is successful in retaining its clients and convincing them to get better realization by catering with high quality products.

f. Internal control systems and their adequacy.

The company has got adequate internal control systems in place for the current level of operations of the company and your management would continue to strengthen this.

g. Discussion on financial performance with respect to operational performance.

Though the company's profitability under tremendous pressure in the current financial year, it has not made any cash loss.

h. Material developments in Human Resources/ Industrial Relations front, including number of people employed

The company has experienced, loyal professionals working in production, sales and administration. The company has got very good industrial relations and the employees and the management has very cordial relationship between them.

DEPOSITS

In terms of the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits Rules) 1975, the company has not accepted any fixed deposit during the year under review.

BIFR and related matters:

The shareholders of the Company at their ninth Annual General meeting had approved to declare the Company as a Sick Industrial Company within the meaning of Section 3(1)(o) of Sick Industrial Companies (Special Provisions) Act, 1985. Accordingly, the matter has been referred to the Board of Industrial and Financial Reconstruction (BIFR). The Company has been declared as a Sick Industrial Company within the meaning of Section 3(1)(o) of Sick Industrial Companies (Special Provisions) Act, 1985 by Board of Industrial and Financial

Reconstruction (BIFR) on 29th October, 2003. Further in its hearing held on 22nd January, 2007 appointed Vijaya Bank as OA and as per its directions company has submitted its revised proposals to Vijaya Bank.

The One Time Settlement with ICICI Bank Ltd has been completed as per the agreed terms. The revised and improved OTS offers submitted by the company with KSIIDI are under active Consideration.

CONSTITUTION OF THE BOARD OF DIRECTORS:

The Board of Directors of the company is duly constituted. There are no changes in the Board of Directors during the year of the Company. Mr. Filiep Van Bosstraeten and Mr. Shanti Swarup Aggarwal, retire by rotation and being eligible offer themselves for re-appointment.

Director's Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Director's Responsibility statement, it is hereby confirmed:

- (i) That in preparation of the accounts for the financial year ended 31st March 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have followed all the Provisions of the Accounting Standards issued by the Institute of Chartered Accountants of India and Notified Accounting Standards by Companies Accounting Standards Rules, 2006.

- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March 2012 on a 'Going Concern & Accrual' basis.

Foreign Exchange Earnings

1. Earning in Foreign Currency – (On accrual basis) *(Rs in thousand's)*

Particulars	2011-12	2010-11
FOB Value of Exports	625,780	484,612

2. Expenditure in Foreign Currency - (On accrual basis) *(Rs in thousand's)*

Particulars	2011-12	2010-11
Travelling Expenses	108	568
Sales Commission	85	5925
Others	1619	2659

DIVIDEND

Your Directors have decided not to declare the dividend for the current year.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The Reporting under this head is not applicable to this company.

PARTICULARS OF EMPLOYEES

During the year under report the Company has no employees on its rolls in respect of whom the disclosure requirements of sec.217 (2A)(a) of the Companies Act, 1956 is applicable.

AUDITORS:

The statutory auditors M/s Guru & Jana., Chartered Accountants, retire at the conclusion of forthcoming Annual General Meeting. Being eligible they offer

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themselves for reappointment to hold office from the conclusion of the forthcoming Annual General Meeting till the conclusion of the next Annual General Meeting.

AUDIT COMMITTEE :

The Board of Directors had constituted an Audit Committee in terms of the provisions of Section 292A of the Companies Act, 1956. The composition, powers and functions of the Audit Committee are in line with the provision of section 292A & the Listing Agreement. The Company has constituted the Audit Committee with Mr. Shanti Swarup Aggarwal and Mr. Filiep Van Bosstraeten, Members of the Committee under the Chairmanship of Mr. Shanti Swarup Aggarwal. The Audit committee met four times during the financial year 2011-12

AUDITORS QUALIFICATION:

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India subject to the following:

- a) *Interest on term loans availed from KSIIDC & MFPI is provided @ 15% per annum as against the demands of the financial institutions. The company has been providing interest @ 15% per annum based on the rate of interest applicable to M.F.P.I loan and after taking into account the fact that the company is 100% EQU situated in an industrially backward area. Also, the management is willing to go for One Time Settlement (OTS) for such loans with the bank.*
- b) *Company has not paid interest or principal due to Public financial institutions to the tune of Rs 3,33,38,880 as per the books as on 31.3.2012.*

DIRECTORS RESPONSE:

"The company, being a BIFR company, is negotiating with the financial institutions for the waiver of repayment/interest and other terms of the loan and hence the repayment /interest liability is not likely to arise. Therefore the same has not been provided for at the rates given in the proposal or demanded".

LISTING:

The Company's shares are listed on Bangalore Stock Exchange Ltd, The Calcutta Stock Exchange Association Ltd. and The Stock Exchange of Mumbai.



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CORPORATE GOVERNANCE:

The report on compliances of the corporate governance code is annexed herewith as Annexure A. Auditors report on the same is also annexed herewith.

ACKNOWLEDGEMENTS:

The directors take this opportunity to place on record their sincere thanks to vendors, investors, shareholders, customers, bankers and auditors for their continued support.

For and on behalf of the Board

Shanti Swarup Aggarwal
Managing Director

Swapn Kumar Majumdar
Director

Place: Bangalore

Date: 4th September 2012

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