



**OVOBEL
FOODS LIMITED**

Ground Floor # 46, Old No. 32/1, 3rd Cross, Agha Abbas Ali Road, Ulsoor, Bangalore - 560 042.
Tel. 91-80-25594145 / 25594146, Fax: 91-80-25594147
E-mail: ovobelfoods@vsnl.com, URL: <http://www.ovobelfoods.com>



NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the Company will be held on Tuesday, 10th September 2013, at 11:00 A.M, at the registered office of the Company at Ground Floor, New No.46, Old No.32/1, 3rd Cross, Agha Abbas Ali Road, Ulsoor Road, Bangalore-560042, Karnataka, India to transact the following business:

Ordinary Business:

- 1 To receive, consider and adopt the Books of Accounts, Balance Sheet as on 31st March 2013, the Statement of Profit and Loss for the year ended, Cash Flow Statement for the period ended on that date together with the reports of the Board of Directors and Auditors report thereon.
- 2 To appoint Mr. Swapan Kumar Majumdar, Director who retires by rotation and being eligible, offers himself for reappointment.
- 3 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:-1 REGULARISATION OF MS ANISHA AGARWAL AS DIRECTOR:

The Chairman noted that Ms Anisha Agarwal, Additional Director of the Company shall be retiring in this Annual General Meeting as per section 260 of Companies Act 1956 and put forward the proposal for regularizing her as a director for the member's consideration. The Consent Letter of Ms. Anisha Agarwal reflecting her eligibility and willingness to be appointed as Director on the Board of the company was tabled before Board. After necessary perusal the following was passed:-

To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution.

"RESOLVED THAT Anisha Agarwal, who was appointed as an Additional Director of the Company on 8th July 2013 and who holds office until the date of the Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956, be and is hereby re-appointed as a Director of the Company whose period of office will be liable to retire by rotation."

"RESOLVED FURTHER THAT either of the Director of the Company be and is hereby authorized to file form 32 with the registrar of companies and to do all the acts, deeds and things which are necessary to the regularization of aforesaid person as a Director of the Company."

By Order of the Board of Directors
For, OVOBEL FOODS LIMITED

Sd/-
SHANTI SWARUP AGGARWAL
Managing Director

Place: Bangalore
Date: 8th August 2013

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 7th September,2013 to 9th September,2013 (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 Integrated Enterprises India Limited at No 12, Ramanuja Plaza, Ground Floor, 5th Cross, Malleswaram, Bangalore - 560 003, Karnataka, India.

By Order of the Board of Directors

For, OVOBEL FOODS LIMITED

Sd/-

SHANTI SWARUP AGGARWAL
Managing Director

Place: Bangalore

Date: 8th August 2013



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

SPECIAL BUSINESS

ITEM NO:1 REGULARISATION OF ANISHA AGARWAL AS DIRECTOR

Ms. Anisha Agarwal was appointed as an Additional Director by the Board of Director w.e.f. 8th July 2013 in accordance with the provisions of Section 260 of the Companies Act, 1956.

Pursuant to Section 260 of the Companies Act, 1956 the above director holds office up to the date of the ensuing Annual General Meeting. The Board feels that presence of Ms. Anisha Agarwal on the Board is needed and would be beneficial to the company and hence recommend resolution for her regularization as a director on the Board.

Mr. Shathi Swarup Aggarwal is interested in this resolution.

By Order of the Board of Directors

For OVOBEL FOODS LIMITED

Sd/-

SHANTI SWARUP AGGARWAL
Managing Director

Place: Bangalore

Date: 8th August 2013



OVOBEL
FOODS LIMITED

DIRECTORS' REPORT

To the Members

OVOBEL FOODS LIMITED,

Your Directors have the pleasure in presenting the Twenty First Annual Report of the business and operations of the company together with the audited accounts for the year ended 31st March 2013.

REVIEW OF OPERATIONS:

The company's income for the year under review has increased substantially in comparison to previous year. The following are details of the same.

(Amount in Thousands)

Particulars	2012-13	2011-12
Total revenue	875,497	696,214
Earnings before interest, tax, depreciation and amortization	17,246	19,439
Profit / (Loss) After Tax	(2878)	(15,221)

In order to consolidate the company's position, the Board of Directors have not recommended declaration of dividend for the year under review.

The Earning per share for the year under review is Rs. - 0.27 (previous year Rs.- 1.45).

Your directors are confident that the company would improve 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 that are active in this domain in India. Your Company has identified the new markets 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 is 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 Vijaya Bank has been appointed as OA and as per its directions company has submitted its revised proposals to Vijaya Bank.

The revised and improved OTS offers submitted by the company with KSIIDC 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. Swapan Kumar Majumder, retire by rotation and being eligible offer himself 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 2013, 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 2013 on a 'Going Concern & Accrual' basis.



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Foreign Exchange Earnings

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

Particulars	2012-13	2011-12
FOB Value of Exports	762,194	625,780

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

Particulars	2012-13	2011-12
Travelling Expenses	173	108
Sales Commission	7,246	8,476
Others	193	636

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 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



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Bosstraeten, Members of the Committee under the Chairmanship of Mr. Shanti Swarup Aggarwal. The Audit committee met four times during the financial year 2012-13

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:

Opinion

- 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% EOU 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 33,368,711/- as per the books as on 31.3.2013.*

Annexure to the Auditor's Report

Point (i)(b) Physical verification is done in a phased manner. However, during the year no physical verification was conducted. Hence we are unable to comment on any material discrepancies.

Point (vii) The Company did not have an internal audit system during the year.

DIRECTORS RESPONSE:

To Opinion

"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".

To Annexure to the Auditor's Report:

Point (i)(b) The Board has taken note and shall take up the necessary verification for the current year.

Point (vii) The Board shall take up the responsibility to introduce internal audit for the current year.

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: 8th Aug 2013