



**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: ovobelfoods@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



**OVOBEL
FOODS LIMITED**

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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.

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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(Annexure 'A' to Directors Report)

CORPORATE GOVERNANCE REPORT

(As required by Clause 49 of the Listing Agreement with the Stock Exchange)

This Report on Corporate Governance forms part of the Directors' Report. This section besides being in compliance of the mandatory listing agreement requirement gives an insight into the process of functioning of the Company.

1. BOARD OF DIRECTORS

a) Composition

The Board of the Company consists of eminent persons with considerable professional experience and expertise in the field in which the Company operates and in related industries. Presently, Board comprises of 3 (Three) Directors and it meets the stipulated requirements.

b) Board Meetings 2011-12:

The company has held the board meetings as per the requirements of the Act i.e such that there is one meeting in every quarter.

2. BOARD COMMITTEES:

a) 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.

Main Terms of reference of the committee are:

- Discussion with statutory Auditors & internal auditors of the Company about:
 - Internal Control System
 - Scope of Audit
 - Observation of the auditors
- Reviewing half yearly and annual financial statements before submitting to Board.
- Ensure Compliance of internal control system

- Investigate any activity within its terms of reference
- Seek information from any employee
- Obtain outside legal or other professional advice
- Laying systems for accounting and audit
- Advising Internal Auditors on the scope of their audit and review of their report.
- Reviewing any significant audit issues that may arise during the course of internal and statutory audit of the Company.

b) Share Transfer and investor Grievance Committee

Main function of the Share Transfer and investor Grievance Committee is to supervise and ensure efficient transfer of shares and proper and timely attendance of investors' complaints.

The Committee comprises of 2 (Two) Directors of the Company viz. Mr. Swapan Kumar Majumdar and Mr. Shanti Swarup Aggarwal, Directors of the Company. Committee meets generally twice in a month to review and monitoring the share transfer, transmission, issue of duplicate share certificate, redressing of shareholder and investors complaints like transfer of shares, etc.

3. DISCLOSURES

There were no material significant transactions with the directors or the management, their subsidiaries or relatives that have any potential conflict with interest of the Company at large. There were no case of non-compliance by the Company, nor any cases of penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

4. MEANS OF COMMUNICATION:

Due to the current financial position, the company, has not been able to report and give information to the Stock Exchange. This anomaly will be rectified during the current financial year.



OVOBEL
FOODS LIMITED

5. SHAREHOLDERS' INFORMATION

| No. | Particulars | Details |
|------------|---|--|
| 1. | Date, Time and Venue of the Eighteenth Annual General Meeting | 28 th day, the September, 2012 at 11:00 a.m. at the Registered Office of the Company . |
| 2. | Date of Book Closure | 27.09.12 to 28.09.12 (both dates inclusive). |
| 3. | Listing on Stock Exchanges | The Bangalore Stock Exchange Ltd, The Stock Exchange of Mumbai The Calcutta Stock Exchange Association Ltd |
| 4. | Listing Fees | Paid to Bangalore Stock Exchange |
| 5. | ISIN No. | Not yet registered |
| 6. | Registered Office | Grand Floor, New No.46, Old No.32/1, Agha Abbas Ali Road Cross, Bangalore - 560042 |
| 7. | Share Transfer Agent for Physical as well as Electronic Transfers | In House, Grand Floor, New No.46, Old No.32/1, Agha Abbas Ali Road Cross, Bangalore - 560042 |
| 8. | Compliance Officer | Mr. Shanti Swarup Aggarwal Managing Director |
| 9. | For Financial Queries | Mr. Sudhir Kulkarni Finance Manager Registered office, Bangalore |
| 10. | For Shareholder's Queries | Mr. Sudhir Kulkarni Registered office ,Bangalore |



OVOBEL
FOODS LIMITED

6. CHANGE OF ADDRESS

Members holding equity share in physical form are requested to notify the change of address / dividend mandate, if any, at the Registered Office of the Company to the Registrars M\S Integrated Enterprises India Limited at No 30, Ramana Residency, 4th Cross, Sampige Road Malleswaram, Bangalore -560 003.

7. SHARE TRANSFER SYSTEM

Shares sent for physical transfer requests are generally registered and returned within a period of 15 days from the date of receipt of completed and validly executed documents. The share transfer committee generally meets twice in a month, to approve the transfer's requests.

8. DEMATERIALIZATION OF EQUITY SHARES

Trading in equity shares of the Company became mandatory in dematerialized form with effect from 2nd January 2002 to facilitate trading in demat form, The Company could not enter into any agreements with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited due to the acute cash flow problems being faced by the Company. The Company is proposing to initiate this process in the future depending on its financial position.

9. SHAREHOLDERS' CORRESPONDENCE

The Company has attended to all the investors' grievances, queries, information requests and endeavor to reply to all letters received from the shareholders within a week. All correspondence may please be addressed to M\S Integrated Enterprises India Limited at No 30, Ramana Residency, 4th Cross, Sampige Road Malleswaram, Bangalore -560 003.

(Contact Details:-080-23405815/23405816)

For and on behalf of the Board

For OVOBEL FOODS LIMITED

Shanti Swarup Aggarwal
Managing Director

Swapan Kumar Majumdar
Director

Place: Bangalore

Date: 4th September 2012

CERTIFICATE UNDER CORPORATE GOVERNANCE REPORT

Certificate relating to the Code of Conduct for Directors/Senior Management.

This is to certify that as per Clause 49 of the Listing Agreement, the code of conduct has been laid down for all the Board Members and Senior Management of the Company. The Board Members and Senior Management have affirmed Compliance with Company's Code of Conduct for the year 2011-12.

For and on behalf of the Board

For OVOBEL FOODS LIMITED



Shanti Swarup Aggarwal
Managing Director

Place: Bangalore

Date: 4th September 2012

Auditors' Report

To
The Members,
Ovobel Foods Limited

We have audited the attached Balance Sheet of **Ovobel Foods Limited**, as at 31st March 2012, Statement of Profit and and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.

Further to our comments in the Annexure referred to above, we report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- c. The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;



- f. 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 KSIDC & 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 3,33,38,880 as per the books as on 31.3.2012.

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- ii) in the case of the Statement of Profit and Loss, of the *loss* for the year ended on that date after considering the extra ordinary item in the Statement of Profit and Loss; and
- iii) in the case of the Cash Flow Statement, of the Cash flows for the year ended on that date

for **GURU & JANA**
Chartered Accountants
Firm Reg. No. 006826S



K.L. Prashanth
Partner
Membership No. 213066



Place: Bangalore
Date: 4th September 2012

Annexure to the Auditors' Report

The Annexure referred in the Auditor's report for the year ended 31st March 2012. We report that:

1. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

The Company has a phased program of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with such program, the management has physically verified the fixed assets during the year and no material discrepancies were noticed on such verifications.

During the year, the Company has not disposed off any major fixed assets.

2. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

The company is maintaining proper records of inventory and the discrepancies noticed between the stock as per physical verification and as per books were not material.

3. The Company has not given unsecured loan to companies listed in the registers maintained under section 301 of the Companies Act, 1956.

The Company has not taken unsecured loan from Directors listed in the registers maintained under section 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, internal control procedures should be strengthened to commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods.
5. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register mentioned under section 301 of the Companies Act, 1956 have been so entered. We are of the opinion that the above transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India, the provisions of Sections 58A and



58AA of the Companies Act, 1956 and the rules framed there under are not applicable.

7. The company has an internal audit system. However, the same has to be strengthened to commensurate with its size and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of services carried out by the Company.
9. According to the information and explanations given to us and on the basis of our examination of books of accounts, undisputed statutory dues including provident fund, customs duty, ESI, income tax, sales tax, wealth tax, service tax and cess have been generally regular in depositing with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of books of accounts, no undisputed statutory dues including provident fund, sales-tax, income tax were outstanding on 31st March 2012 for a period of more than six months from the date they became payable.

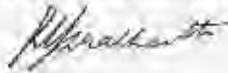
According to the information and explanations given to us and on the basis of our examination of books of accounts, no disputed statutory dues including sales tax, income tax, and excise duty were outstanding on 31st March 2012.

10. In our opinion, the accumulated losses of the company are more than 50 per cent of the net worth. The company has not incurred **cash losses** during the financial year covered by our audit and in the financial year immediately proceeding such financial year the company has not incurred cash loss.
11. The company has defaulted in repayment of dues, including interest, to the financial institutions to the tune of Rs 3, 33, 38,880 as per the books.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities. Accordingly, clause 4(xii) of the order is not applicable.
13. The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4(xiii) of the order is not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the order is not applicable.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4(xv) of the order is not applicable.



16. The Company has not obtained any fresh term loans during the year. However term loans obtained earlier have been utilized for the purposes for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. Accordingly, clause 4(xviii) of the order is not applicable.
19. The Company has not issued any debentures. Accordingly, clause 4(xix) of the order is not applicable.
20. The Company has not raised any money by public issues during the year. Accordingly, clause 4(xx) of the order is not applicable.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

for GURU & JANA
Chartered Accountants
Firm Reg. No. 006826S



K.L. Prashanth
Partner
Membership No. 213066



Place: Bangalore
Date: 4th September 2012

OVOBEL FOODS LIMITED
BALANCE SHEET FOR THE PERIOD ENDING 31ST MARCH 2012

(Rupees in 000's)

| Particulars | Notes | 31-March-12 | 31-March-11 |
|---|-------|-----------------|-----------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 2 | 1,05,008 | 1,05,008 |
| Reserves and surplus | 3 | (1,56,527) | (1,41,306) |
| Net Worth before Capital Reserve | | (51,519) | (36,298) |
| Capital Reserve | | 48,935 | 48,935 |
| | | (2,584) | 12,637 |
| Non-current liabilities | | | |
| Long-term borrowings | 4 | 11,765 | 11,765 |
| Long-term provisions | 5 | 5,108 | 4,162 |
| | | 16,873 | 15,927 |
| Current liabilities | | | |
| Short-term borrowings | 6 | 97,997 | 47,036 |
| Trade Payables | 7 | 40,088 | 63,876 |
| Other current liabilities | 7 | 36,738 | 34,086 |
| Short-term provisions | 5 | 431 | 365 |
| | | 1,75,254 | 1,45,363 |
| Total Equity and Liabilities | | 1,89,543 | 1,73,927 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 8 | 25,653 | 45,205 |
| Intangible assets | 8 | 119 | 12 |
| Non-current investments | 9 | 270 | 270 |
| Long-term loans and advances | 10 | 1,781 | 1,581 |
| Other non-current assets | 12 | 32,852 | 20,741 |
| | | 60,675 | 67,809 |
| Current assets | | | |
| Inventories | 13 | 39,241 | 34,203 |
| Trade receivables | 11 | 71,906 | 59,700 |
| Cash and bank balances | 14 | 12,581 | 8,596 |
| Short-term loans and advances | 10 | 2,990 | 2,871 |
| Other current assets | 12 | 2,150 | 747 |
| | | 1,28,868 | 1,06,118 |
| Total Assets | | 1,89,543 | 1,73,927 |

Summary of significant accounting policies 1

The accompanying notes are an integral part of the financial statements.

As per our report of even date
for **Guru & Jana**
Chartered Accountants
Firm Registration No.006826S

K.L. Prashanth
Partner
Membership No.213066

Place : Bangalore
Date : 4th September 2012

for and on behalf of the Board of Directors

Shanthi Swarup Aggarwal
Managing Director

Swapan Kumar Majumder
Director



OVOBEL FOODS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2012
(Rupees in '000)

| Particulars | Notes | 31-Mar-12 | 31-Mar-11 |
|---|-------|-----------------|-----------------|
| CONTINUING OPERATIONS | | | |
| Income | | | |
| Revenue from operations (gross) | 15 | 6,85,438 | 5,36,336 |
| Less: Excise Duty | | 4,618 | 4,029 |
| Revenue from operations (net) | | 6,80,819 | 5,32,307 |
| Other income | 16 | 15,395 | 11,335 |
| Total revenue (i) | | 6,96,214 | 5,43,642 |
| Expenses | | | |
| Cost of raw materials and components consumed | 17 | 5,48,924 | 4,35,160 |
| (Increase) / Decrease in inventories of finished goods, work in progress and traded goods | 18 | (3,478) | (4,742) |
| Employee benefit Expenses | 19 | 33,219 | 25,329 |
| Other expenses | 20 | 98,111 | 80,810 |
| Total (ii) | | 6,76,776 | 5,36,557 |
| Earnings before interest, tax, depreciation and amortization (EBITDA) [(i) - (ii)] | | 19,439 | 7,085 |
| Depreciation and amortization expense | 21 | 21,411 | 21,044 |
| Finance costs | 22 | 13,249 | 7,024 |
| Profit / (Loss) before tax | | (15,221) | (20,983) |
| Tax expenses | | | |
| Current tax | | - | - |
| Deferred tax | | - | - |
| Total tax expense | | - | - |
| Profit/(loss) for the year | | (15,221) | (20,983) |

**Earnings per equity share (nominal value of share Rs.10
(31 March 2011:Rs.10))**

Basic & Diluted

Computed on the basis of profit from continuing operations

(1)

(2)

Computed on the basis of total profit for the year

(1)

(2)

Summary of significant accounting policies

1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

for **Guru & Jana**

Chartered Accountants

Firm Registration No.0068265

K.L. Prashanth

K.L. Prashanth

Partner

Membership No.213066



Place : Bangalore

Date : 4th September 2012

for and on behalf of the Board of Directors

Shanthi Swarup Aggarwal

Shanthi Swarup Aggarwal
Managing Director

Swapan Kumar Majumder

Swapan Kumar Majumder
Director

OVOBEL FOODS LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2012
(Rupees in '000)

| Particulars | 31-Mar-12 | 31-Mar-11 |
|--|-----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax from continuing operations | (15,221) | (20,983) |
| Profit before tax | (15,221) | (20,983) |
| Non-cash adjustment to reconcile profit before tax to net cash flows | | |
| Depreciation/ amortization on continuing operation | 21,411 | 21,044 |
| Loss/ (profit) on sale of fixed assets | - | (241) |
| Interest Expense | 10,878 | 5,727 |
| Interest Income | (2,333) | (1,147) |
| Dividend Income | (17) | (15) |
| Operating profit before working capital changes | 14,718 | 4,385 |
| Movements in working capital : | | |
| Increase/ (Decrease) in trade payables | (23,788) | 4,292 |
| Increase / (Decrease) in long term provisions | 946 | 795 |
| Increase / (decrease) in short-term provisions | 66 | 365 |
| Increase/ (decrease) in other current liabilities | 2,652 | (2,107) |
| Decrease / (increase) in trade receivables | (12,206) | 9,629 |
| Decrease / (increase) in inventories | (5,038) | (2,644) |
| Decrease / (increase) Long term loans and advances | (201) | 597 |
| Decrease / (increase) short term loans and advances | (119) | 697 |
| Decrease / (increase) in other current assets | (1,402) | (747) |
| Decrease / (increase) in other non current assets | (12,111) | (4,103) |
| Cash generated from / (used in) operations | (36,482) | 11,159 |
| Direct taxes paid (net of refunds) | - | - |
| Net cash flow from/ (used in) operating activities (A) | (36,482) | 11,159 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets, including intangible assets, CWIP and capital advances | (1,967) | (2,812) |
| Sale of fixed assets | - | 573 |
| Interest received | 2,333 | 1,147 |
| Dividend Received | 17 | 15 |
| Net cash flow from/ (used in) investing activities (B) | 382 | (1,076) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Short-term borrowings | 50,962 | (5,553) |
| Interest paid | (10,878) | (5,727) |
| Net cash flow from/ (used in) in financing activities (C) | 40,084 | (11,280) |
| Net increase/(decrease) in cash and cash equivalents (A + B + C) | 3,984 | (1,197) |
| Cash and cash equivalents at the beginning of the year | 8,596 | 9,793 |
| Cash and cash equivalents at the end of the year | 12,580 | 8,596 |
| COMPONENTS OF CASH AND CASH EQUIVALENTS | | |
| Cash on hand | 1,116 | 42 |
| Cheques/ drafts on hand | - | - |
| With banks- on current account | 11,464 | 8,554 |
| - unpaid matured deposits | - | - |
| Total cash and cash equivalents (Note 14) | 12,581 | 8,596 |

Summary of significant accounting policies 1

The accompanying notes are an integral part of the financial statements.

As per our report of even date
for **Guru & Jana**
Chartered Accountants
Firm Registration No.006826S

K.L. Prashanth
Partner
Membership No.213066



Place : Bangalore
Date : 4th September 2012

for and on behalf of the Board

Shanthi Swarup Aggarwal
Managing Director

Swapan Kumar Majumder
Director

Note 1

Summary of Significant Accounting Policies

1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the accounting standards specified in section 211 (3C) of the Companies Act, 1956. The company follows accounting policies consistently in accordance with generally accepted accounting principles, other than those specifically stated.

The Company is a Non- Small and Medium size Company ("Non-SMC") as defined in the General Instructions of the Rules in respect of Accounting Standards notified under the Companies Act, 1956. Accordingly, the Company has complied with the accounting standards as applicable to a small and medium sized Company. All amounts are stated in Indian Rupees, except as otherwise specified.

2 Change in accounting policies

During the year ended 31 st March 2012, the revised schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financials statements. The adoption of revised VI does not impact recognition and impact measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

3 Use of Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

4 Tangible and Intangible Fixed Assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. The Company capitalises all costs relating to the acquisition and installation of fixed assets.

Depreciation on fixed assets is calculated based on straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. In case of plant & machinery depreciation is being charged based on 3 shifts at the rates mentioned in Schedule XIV.

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company measures its 'value in use' on the basis of undiscounted cash flows of next five years projections estimated based on current prices.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

5 Inventories

Inventories are valued at cost or net realisable value whichever is less

6 Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are valued at the lower of cost and fair value. Changes in the carrying amount of current investments are recognized in the Profit and Loss Account. Long-term investments are valued at cost, less any provision for diminution, other than temporary, in the value of such investments; decline, if any, is charged to the Profit and Loss Account. Cost comprises cost of acquisition and related expenses such as brokerage and stamp duties.

7 Revenue Recognition**A. Sale of Products:****1. Export Sales**

Revenue from the sale of products is recognised at the point of bill of lading of goods at the customs port.

2. Domestic Sales

Revenue from the sale of product is recognized at the point of dispatch of goods from the factory/warehouse of the company.

B. Sale of Export license:

Revenue from sales of export license is recognized as & when licenses are sold to third party.

C. Interest Income:

Interest income is recognised using time-proportion method, based on rates implicit in the transactions.

D. Dividend Income:

Dividend income is recognised when the company's right to receive the same has been established.

8 Expenditure

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. The Estimates towards warranty claims made against the company is on a technical basis.



9 Foreign Currency Transactions

Sales made to Overseas Clients and collections deposited in bank accounts are recorded at the exchange rates prevailing on the date of the respective transactions. Expenditure in foreign currency is accounted at the exchange rate prevailing on the date on which such expenditure is incurred. Exchange differences are recorded when the amount actually received on sales or actually paid when expenditure incurred is converted into Indian Rupees. The exchange difference arising on Foreign Currency transactions are recognized as income/ expense during the period in which they arise.

Monetary Current Assets and Monetary Current Liabilities denominated in foreign currency are translated at the exchange rate prevailing at the date of the Balance Sheet. The resulting difference is also recorded in the Profit & Loss Account.

10 Cash Flow

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

11 Sales Commission

Sales Commission payable is provided as and when the revenue from such sales is accounted.

12 Prior Period Adjustments

Income or Expenses if it is more than Rs 25,000/-on materiality basis, which arises, in the current period as a result of error or omission in the preparation of financial statements for previous years have been treated as prior period adjustments.

13 Earnings Per Share

In determining Earnings Per Share the company considers the net profit after tax and includes the post effect of any extra-ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

14 Retirement Benefits

Retirement benefit costs for the year are determined on the following basis:

1. All employees are covered under contributory provident fund benefit of a contribution of 12% of salary and certain allowances. It is a defined contribution scheme and the contributions are charged to Profit and Loss Account of the year when the contributions to such fund is due. There is no obligation other than the contributions payable to the respective fund.
2. Accrual for gratuity is made on the basis of a year-end actuarial valuation in pursuance of the Company's leave encashment policy. The liability as at the Balance sheet date is provided for based on the actuarial valuation in accordance with the requirements of revised AS 15 at the end of the year.
3. Accrual for leave encashment benefit is made on the basis of a year-end actuarial valuation in pursuance of the Company's leave encashment policy. The liability as at the Balance sheet date is provided for based on the actuarial valuation in accordance with the requirements of revised AS 15 at the end of the year.

15 Accounting for Tax on Income

Current tax is determined based on the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized on timing differences, being the difference between the taxable incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets and liabilities have been enacted or substantively enacted by the Balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

16 Contingent Liabilities & Provisions

In terms of the requirements of the Accounting Standard 29 (AS 29) on "Provisions, Contingent Liabilities and Contingent Assets" notified by Companies (Accounting Standards) Rules, 2006:

- where, as a result of past events, there is a present obligation that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation- an appropriate provision is created and disclosed;
- where, as a result of past events, there is a possible obligation that may, but probably will not require an outflow of resources- no provision is recognized but appropriate disclosure made as contingent liabilities unless the possibility of outflow is remote.

17 Measurement of EBITDA

As permitted by the guidance note on the revised schedule VI to the Companies Act 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss account. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurements, the company does not include depreciation and amortization expenses, finance costs and tax expense.



OVOBEL FOODS LIMITED**Notes to financial statements for the year ended 31 March 2012****Note 2****SHARE CAPITAL****Authorized shares**

11,000,000 (March 31, 2010: 11,000,000) equity shares of Rs. 10 each

Issued, subscribed and fully paid-up shares

10,500,800 (March 31, 2010: 10,500,800) equity shares of Rs.10 each fully paid up

Total issued, subscribed and fully paid-up share capital

| <i>(Rupees in '000)</i> | |
|-------------------------|-----------------|
| 31-March-12 | 31-March-11 |
| 1,10,000 | 1,10,000 |
| 1,10,000 | 1,10,000 |
| 1,05,008 | 1,05,008 |
| 1,05,008 | 1,05,008 |

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**Equity Shares**

| | 31-March-12 | | 31-March-11 | |
|---|--------------------|-----------------|--------------------|-----------------|
| | No. | Amount | No. | Amount |
| At the beginning of the period | 1,05,00,800 | 1,05,008 | 1,05,00,800 | 1,05,008 |
| Issued During the period | - | - | - | - |
| Outstanding at the end of the period | 1,05,00,800 | 1,05,008 | 1,05,00,800 | 1,05,008 |

b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity is entitled to one vote per share.

The Company declares and pays dividends in Indian Rupees.

In the event of liquidation of the company the holders of Equity shares will be entitled to receive remaining assets of the company. After distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the Share holders.

(c) Details of shareholders holding more than 5% shares in the company

| | 31-March-12 | | 31-March-11 | |
|---|-------------|-----------|-------------|-----------|
| | No. | % holding | No. | % holding |
| Equity shares of Rs.10 each fully paid | | | | |
| Ovobel NV | 14,84,691 | 14.14% | 14,84,691 | 14.14% |
| Shanthi Swarup Aggarwal | 7,61,409 | 7.25% | | |
| Vinita Agarwal | 6,18,400 | 5.89% | | |
| Utsav Parekh | 5,46,900 | 5.21% | 5,46,900 | 5.21% |

As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

Note 3**RESERVES AND SURPLUS****Surplus/ (deficit) in the statement of profit and loss**

Balance as per last financial statements

Profit/(Loss) for the year

Net Surplus/(Deficit) in the statement of Profit and Loss**Total Reserves and Surplus**

| 31-March-12 | 31-March-11 |
|-------------------|-------------------|
| (1,41,306) | (1,20,323) |
| (15,221) | (20,983) |
| (1,56,527) | (1,41,306) |
| (1,56,527) | (1,41,306) |



OVOBEL FOODS LIMITED
Notes to financial statements for the year ended 31 March 2012
Note 4
Long-term borrowings
Term Loans
Secured

Rupee Loans from Financial Institutions

Total Long Term Borrowings

| <i>(Rupees in '000)</i> | |
|-------------------------|--------------------|
| 31-March-12 | 31-March-11 |
| | |
| 11,765 | 11,765 |
| 11,765 | 11,765 |

a. **MFPI Soft Loan** – Interest has been provided @ 15% per annum (Simple Interest) as against the demands of the financial institutions. The company has been providing interest @ 15% per annum based on the tripartite agreement dated 9th Oct 1996.

b. **KSIIDC Corporate & Term Loan** - Interest has been provided @ 15% per annum (Simple Interest) as against the demands of the financial institutions. The company has been providing interest @ 15% per annum based on the One Time Settlement (OTS) offer letter dated 7th August 2006 & 21st June 2007. Also, taking into account the fact that the company is 100% EOU situated in an industrially backward area.

c. The management is willing to go for One Time Settlement for the above mentioned loans.

Note 5
Provisions
Provision for employee benefits

Provision for gratuity

Provision for leave benefits

Total Provisions

| Long-term | | Short-term | |
|--------------------|--------------------|--------------------|--------------------|
| 31-March-12 | 31-March-11 | 31-March-12 | 31-March-11 |
| 4,039 | 3,091 | 341 | 273 |
| 1,069 | 1,071 | 90 | 92 |
| 5,108 | 4,162 | 431 | 365 |

Note 6
Short Term Borrowings

Cash Credit (Secured)

Inter Corporate Deposits (Unsecured)

Total Short term borrowings

| 31-March-12 | 31-March-11 |
|--------------------|--------------------|
| 78,497 | 43,036 |
| 19,500 | 4,000 |
| 97,997 | 47,036 |

a. Cash Credit from the banks is secured against first charge on fixed deposits & second charge on fixed assets, stock, Factory building & land.

b. The cash credit is repayable on demand and carries interest @ Bank rate plus 1.5% (During the year interest was charged at rates ranging from 9.75% to 12.15%)

c. Inter Corporate Deposits carries interest ranging between 9% to 16%. The same are repayable as per the promissory notes.

Note 7
Other Current Liabilities
Trade payables (including acceptances)
Others

Interest accrued and due on borrowings

Advance from Customers

Other Payables

Statutory dues

Total other Current Liabilities

| 31-March-12 | 31-March-11 |
|--------------------|--------------------|
| 40,088 | 63,876 |
| 21,574 | 19,753 |
| 7,007 | 5,051 |
| 7,368 | 8,973 |
| 789 | 308 |
| 36,738 | 34,086 |



OVOBEL FOODS LIMITED
Notes to financial statements for the year ended 31 March 2012
Note 8
Tangible and Intangible Assets
(Rupees in '000)

| Particulars /Assets | Tangible Assets | | | | | | | | Intangible Assets | |
|-----------------------------|-----------------|------------------|-------------------|----------------------|-------------------|------------|------------------------|-----------------|-------------------|------------|
| | Land & Building | Factory Building | Office Equipments | Furniture & Fixtures | Plant & Machinery | Vehicles | Computer & Peripherals | Total | Software | Total |
| Cost or valuation | | | | | | | | | | |
| At 1 April 2010 | 1,722 | 38,956 | 1,764 | 1,644 | 1,85,096 | 565 | 977 | 2,30,724 | 66 | 66 |
| Additions | - | - | 19 | - | 2,133 | 515 | 145 | 2,812 | - | - |
| Disposals | | | | | | 565 | - | 565 | - | - |
| At 31 March 2011 | 1,722 | 38,956 | 1,782 | 1,644 | 1,87,229 | 515 | 1,122 | 2,32,971 | 66 | 66 |
| Additions | - | 479 | 59 | 21 | 1,129 | - | 162 | 1,851 | 117 | 117 |
| Disposals | | | | | | | | | | |
| At 31 March 2012 | 1,722 | 39,436 | 1,842 | 1,665 | 1,88,358 | 515 | 1,284 | 2,34,822 | 183 | 183 |
| Depreciation | | | | | | | | | | |
| At 1 April 2010 | - | 17,059 | 819 | 517 | 1,21,759 | 467 | 509 | 1,41,130 | 43 | 43 |
| Charge for the year | - | 1,301 | 101 | 104 | 19,301 | 59 | 167 | 21,034 | 11 | 11 |
| Disposals | | - | | | | 498 | - | 498 | - | - |
| At 31 March 2011 | - | 18,361 | 920 | 621 | 1,41,059 | 28 | 676 | 1,61,665 | 54 | 54 |
| Charge for the year | - | 1,303 | 109 | 104 | 19,634 | 49 | 202.96 | 21,402 | 9 | 9 |
| Disposals | | | | | | | | | | |
| At 31 March 2012 | - | 19,664 | 1,030 | 726 | 1,60,693 | 77 | 879 | 1,83,068 | 64 | 64 |
| Impairment of Assets | | | | | | | | | | |
| At 1 April 2010 | | | | | 26,100 | | | 26,100 | | |
| At 31 March 2011 | | | | | 26,100 | | | 26,100 | | |
| Charge for the year | | | | | | | | | | |
| At 31 March 2012 | | | | | 26,100 | | | 26,100 | | - |
| Net Block | | | | | | | | | | |
| At 31 March 2011 | 1,722 | 20,596 | 862 | 1,023 | 20,070 | 488 | 446 | 45,205 | 12 | 12 |
| At 31 March 2012 | 1,722 | 19,772 | 812 | 939 | 1,564 | 439 | 405 | 25,653 | 119 | 119 |



OVOBEL FOODS LIMITED
Notes to Financial Statements for the year ended 31 March 2012

| Note 9 | (Rupees in '000) | |
|---|------------------|------------|
| | 31-Mar-12 | 31-Mar-11 |
| Non Current Investments | | |
| Non Trade Investments | | |
| Unquoted Mutual Funds | | |
| 1000 (as on 31 March 2011: 1000) units of Rs. 20 fully paid in Principal Junior Capital | 20 | 20 |
| Investment in Equity Instruments (Quoted) | | |
| 10,000 (31 March 2011 : 10,000) equity shares of Rs. 10 each fully paid in SMIFS | | |
| Capital Markets Limited | 250 | 250 |
| (Market Value Rs 281.5 thousand (March 2011: Rs 369.9 thousand)) | | |
| Total Non Current Investments | 270 | 270 |

| Note 10 | Long Term | | Short Term | |
|--|--------------|--------------|--------------|--------------|
| | 31-Mar-12 | 31-Mar-11 | 31-Mar-12 | 31-Mar-11 |
| Loans and Advances | | | | |
| Security Deposit | | | | |
| Secured considered good | 1,780 | 1,579 | | |
| Unsecured considered good | | | | |
| | 1,780 | 1,579 | - | - |
| Loans to related parties | | | | |
| Unsecured considered good | | | 815 | 815 |
| (Refer Note no 25, related party disclosure) | - | - | 815 | 815 |
| Advances recoverable in cash or kind | | | | |
| Unsecured considered good | | | 45 | 53 |
| | - | - | 45 | 53 |
| Other loans and Advances | | | | |
| Prepaid expenses | - | - | 157 | 416 |
| Advances to employees | - | - | 146 | 619 |
| Deposits with government/statutory authorities | 2 | 2 | 1,827 | 968 |
| | 2 | 2 | 2,130 | 2,003 |
| Total Loans and Advances | 1,781 | 1,581 | 2,990 | 2,871 |

| Note 11 | 31-Mar-12 | 31-Mar-11 |
|---|---------------|---------------|
| | | |
| Trade Receivables | | |
| Unsecured, considered good unless stated otherwise outstanding for a period not exceeding six months from the date they are due for payment | | |
| Unsecured, considered good | 71,906 | 56,868 |
| Unsecured, considered good - outstanding for a period exceeding six months | | 2,832 |
| Total Trade receivables | 71,906 | 59,700 |

| Note 12 | Non Current | | Current | |
|---------------------------|---------------|---------------|--------------|------------|
| | 31-Mar-12 | 31-Mar-11 | 31-Mar-12 | 31-Mar-11 |
| Other Assets | | | | |
| Non current bank balances | 32,852 | 20,741 | | |
| Advance to suppliers | | | 2,147 | 747 |
| Others | | | 3 | - |
| Total Other Assets | 32,852 | 20,741 | 2,150 | 747 |

| Note 13 | 31-Mar-12 | 31-Mar-11 |
|---|---------------|---------------|
| | | |
| Inventories | | |
| Raw Materials and Components | 3,600 | 2,040 |
| (Refer note no.17 for cost of raw materials consumed) | | |
| Finished Goods | 27,585 | 13,694 |
| Stock in transit | 8,056 | 18,469 |
| Total Inventories | 39,241 | 34,203 |

| Note 14 | Non-current | | Current | |
|---|---------------|---------------|---------------|--------------|
| | 31-Mar-12 | 31-Mar-11 | 31-Mar-12 | 31-Mar-11 |
| Cash and bank balances | | | | |
| Cash and cash equivalents | | | | |
| Balances with banks: | | | | |
| - On current accounts | - | - | 11,464 | 8,554 |
| Cash on hand | - | - | 1,116 | 42 |
| | - | - | 12,581 | 8,596 |
| Other bank balances | | | | |
| Deposits with original maturity for more than 12 months | 19,161 | 17,636 | | |
| Margin money deposit | 13,691 | 3,105 | | |
| | 32,852 | 20,741 | - | - |
| Amount disclosed under non-current assets | 32,852 | 20,741 | | |
| Amount disclosed under current assets | | | 12,581 | 8,596 |



QVOBEL FOODS LIMITED**Notes to Financial Statements for the year ended 31 March 2012****Note 15****Revenue from operations****Revenue from operations****Sale of Products****Finished Goods****Less - Sales Return****Revenue from operations (Gross)****Less - Excise Duty *****Revenue from Operations (Net)**

| (Rupees in '000) | |
|-------------------------|------------------|
| 31-Mar-12 | 31-Mar-11 |
| | |
| 6,85,438 | 5,37,968 |
| - | 1,632 |
| 6,85,438 | 5,36,336 |
| 4,618 | 4,029 |
| 6,80,819 | 5,32,307 |

* Excise duty on sales amounting to Rs. 4,618 (31 March 2011: Rs. 4,029) has been reduced from the sales in the Profit & Loss account.

Details of products sold**Finished goods sold****Egg - Powder****Egg - Liquid****Less: Sales Return (Egg Powder)**

| 31-Mar-12 | 31-Mar-11 |
|------------------|------------------|
| 6,32,608 | 4,85,615 |
| 48,212 | 48,324 |
| - | (1,632) |
| 6,80,819 | 5,32,307 |

Note 16**Other income****Interest income on****Bank Deposits****Others****Dividend Income on****Long term Investments****Other Non-operating income***

(Net of expenses directly attributable to such income)

* Includes sale of export licenses Rs. 11,194 (March 2011: Rs. 6,276)

| 31-Mar-12 | 31-Mar-11 |
|------------------|------------------|
| 2,333 | 1,147 |
| 1 | - |
| 17 | 15 |
| 13,044 | 10,173 |
| 15,395 | 11,335 |

Note 17**Cost of Raw Materials and Components Consumed****Inventory at the beginning of the year****Add : Purchases****Less : Inventory at the end of the year****Cost of Raw materials and components consumed**

| 31-Mar-12 | 31-Mar-11 |
|------------------|------------------|
| 645 | 2,502 |
| 5,49,606 | 4,33,303 |
| 5,50,251 | 4,35,805 |
| 1,327 | 645 |
| 5,48,924 | 4,35,160 |

Details of Raw materials and Components Consumed**Eggs****Pigments, Yeasts and Enzymes**

| | |
|-----------------|-----------------|
| 5,43,093 | 4,33,008 |
| 5,832 | 2,151 |
| 5,48,924 | 4,35,160 |

Details of Inventory**Raw Materials and components****Eggs****Pigments, Yeasts and Enzymes**

| | |
|--------------|------------|
| - | 78 |
| 1,327 | 568 |
| 1,327 | 645 |



QVOBEL FOODS LIMITED
Notes to Financial Statements for the year ended 31 March 2012
Note 18

| | <i>(Rupees in '000)</i> | | |
|---|-------------------------|------------------|-----------------------------------|
| (Increase) / Decrease in inventories | 31-Mar-12 | 31-Mar-11 | (Increases)/ Decreases |
| Inventories at the end of the year | | | |
| Finished Goods | 35,641 | 32,163 | (3,478) |
| | 35,641 | 32,163 | (3,478) |
| Inventories at the beginning of the year | | | |
| Finished Goods | 32,163 | 27,421 | (4,742) |
| | 32,163 | 27,421 | (4,742) |
| | (3,478) | (4,742) | |

Details of inventory

| Finished Goods | 31-Mar-12 | 31-Mar-11 |
|-----------------------|------------------|------------------|
| Egg - Powder | 33,194 | 30,292 |
| Egg - Liquid | 2,447 | 1,871 |
| | 35,641 | 32,163 |

Note 19

| Employee benefit expense | 31-Mar-12 | 31-Mar-11 |
|--|------------------|------------------|
| Salaries, wages and bonus | 30,121 | 22,997 |
| Contribution to provident fund and other funds | 1,562 | 1,141 |
| Staff welfare expenses | 1,536 | 1,192 |
| | 33,219 | 25,329 |

Note 20

| Other expenses | 31-Mar-12 | 31-Mar-11 |
|--|------------------|------------------|
| Consumption of Power & fuel | 24,065 | 20,906 |
| Freight & Forwarding Charges | 15,588 | 13,741 |
| Consumption of stores & spares | 15,601 | 13,366 |
| Electricity | 12,122 | 7,896 |
| Sales commission | 8,476 | 5,925 |
| Repairs and Maintenance | | |
| - Plant and Machinery | 2,489 | 3,475 |
| - Buildings | 1,025 | 231 |
| - Others | 475 | 626 |
| Travelling and conveyance | 2,000 | 2,129 |
| Legal and Professional Fees | 2,070 | 1,387 |
| Insurance | 2,733 | 2,560 |
| Inspection Charges | 1,335 | 469 |
| Rent | 360 | 471 |
| Payment to auditor (refer table below) | 498 | 394 |
| Bad Debts | 2,832 | - |
| Communication costs | 853 | 716 |
| Loss on Forward Contract | - | 863 |
| Miscellaneous expenses | 5,589 | 5,655 |
| | 98,111 | 80,810 |

Payment to Auditor

| As Auditor: | 31-Mar-12 | 31-Mar-11 |
|-------------------------------------|------------------|------------------|
| Audit Fee | 175 | 175 |
| Tax audit fee | 50 | 50 |
| In other capacity: | | |
| Company Law Matters | 99 | |
| Other services (certification fees) | 174 | 169 |
| (without Service tax) | | |
| | 498 | 394 |



OVOBEL FOODS LIMITED**Notes to Financial Statements for the year ended 31 March 2012****Note 21****Depreciation and amortization expense**

Depreciation of tangible assets

Amortization of intangible assets

| <i>(Rupees in '000)</i> | |
|-------------------------|------------------|
| 31-Mar-12 | 31-Mar-11 |
| 21,402 | 21,034 |
| 9 | 11 |
| 21,411 | 21,044 |

Note 22**Finance Costs**

Interest

Bank charges

| 31-Mar-12 | 31-Mar-11 |
|------------------|------------------|
| 10,878 | 5,727 |
| 2,371 | 1,297 |
| 13,249 | 7,024 |

Note 23**Earnings per Share (EPS)**

The following reflects the profit and share data used in the basic and diluted EPS computations:

Basic & Diluted EPS

Net Profit/(Loss) after tax

Less : Dividends on convertible preference shares & tax thereon

Net Profit/(Loss) for calculation of EPS

| 31-Mar-12 | 31-Mar-11 |
|------------------|------------------|
| (15,221) | (20,983) |
| - | - |
| (15,221) | (20,983) |
| 10,501 | 10,501 |

Weighted average number of equity shares in calculating basic EPS



OVOBEL FOODS LIMITED**Notes to Financial Statements for the year ended 31 March 2012****Note 24****Disclosure under Accounting Standard 15 on Employee Benefits**

Disclosures in respect of defined benefit obligations in respect of gratuity pursuant to Accounting Standard 15

Net employment benefit expenses recognised in the employee cost

| | <i>(Rupees in '000)</i> | |
|---|-------------------------|------------------|
| | 31-Mar-12 | 31-Mar-11 |
| Current service cost | 826 | 1,023 |
| Interest cost on benefit obligation | 283 | 188 |
| Expected return on plan assets | - | - |
| Acturial (Gain) / loss recognised in the year | (19) | (88) |
| Net benefit expenses | 1,090 | 1,123 |

Benefit asset / liability

| | 31-Mar-12 | 31-Mar-11 |
|---|------------------|------------------|
| Present value of defined benefit obligation | 4,380 | 3,364 |
| Fair value of plan assets | - | - |
| Plan asset / (liability) | (4,380) | (3,364) |

Changes in the present value of the defined benefit obligation are as follows

| | 31-Mar-12 | 31-Mar-11 |
|---|------------------|------------------|
| Opening defined benefit obligation | 3,364 | 2,461 |
| Current service cost | 826 | 1,023 |
| Interest cost | 283 | 188 |
| Benefits paid | (74) | (220) |
| Acturial (Gain) / Loss on obligation | (19) | (88) |
| Closing defined benefit obligation | 4,380 | 3,364 |

Change in Fair Value of Plan Assets are as follows:

| | 31-Mar-12 | 31-Mar-11 |
|--|------------------|------------------|
| Opening fair value of plan assets | - | - |
| Expected return | - | - |
| Contributions (Estimated) | 74 | 220 |
| Benefits Settled | (74) | (220) |
| Acturial gain / (loss) | - | - |
| Closing fair value of plan assets | - | - |

The principal assumptions used in determining gratuity and post post-employment medical benefit obligations

| | 31-Mar-12 | 31-Mar-11 |
|---|------------------|------------------|
| Interest rate | 8.50% | 8.00% |
| Discount factor | 8.50% | 8.00% |
| Estimated rate of return on plan assets | 0.00% | 0.00% |
| Salary increase | 5.00% | 5.00% |
| Attrition rate | 2% - 1% | 2% - 1% |
| Retirement age | 58 | 58 |



OVOBEL FOODS LIMITED**Notes to Financial Statements for the year ended 31 March 2012****Note 25****Related Party Disclosures****a. Names of related parties and description of relationship:**

Mr. Shanti Swarup Aggarwal Managing Director & Key Managerial Personnel

b. Loans given and repayment thereof*(Rupees in '000)*

| | Year Ended | Loan given | Repayment | Interest Accrued | Amount receivable from Related Parties |
|----------------------------|------------|------------|-----------|------------------|---|
| Mr. Shanti Swarup Aggarwal | 31-Mar-12 | 815 | - | - | 815 |
| | 31-Mar-11 | 815 | - | - | 815 |

c. Remuneration to Key Management personnel**Mr. Shanti Swarup Aggarwal**

Salaries, Perquisites, Contribution to PF

Total

| 31-Mar-12 | 31-Mar-11 |
|--------------|--------------|
| 2,000 | 2,000 |
| 2,000 | 2,000 |

Note 26**Expenditure in foreign currency (Accrual Basis)**

| | 31-Mar-12 | 31-Mar-11 |
|----------------------|--------------|--------------|
| Traveling Expenses | 108 | 568 |
| Sales Commission | 85 | 5,925 |
| Laboratory Expenses | - | 447 |
| Lab Testing External | 636 | 115 |
| Imported Spares | 983 | 2,068 |
| Repair & Maintenance | - | 29 |
| | 1,812 | 9,152 |

Note 27**Earnings in foreign currency (Accrual Basis)**

Exports

| 31-Mar-12 | 31-Mar-11 |
|-----------------|-----------------|
| 6,25,780 | 4,84,612 |
| 6,25,780 | 4,84,612 |

Note 28**Leases**

The Company has entered in to commercial property leases for its Office premises. All include a clause to enable upward revision of rental Charge as per mutual agreement between the parties.

Payments (Accrual Basis)

| 31-Mar-12 | 31-Mar-11 |
|------------|------------|
| 360 | 471 |
| 360 | 471 |



OVOBEL FOODS LIMITED

Notes to Financial Statements for the year ended 31 March 2012

Note 29

(Rupees in '000)

Derivative Instruments & Unhedged Currency Exposure

- a. There are no Derivative Outstanding as at Balance sheet date.
- b. The Company has outstanding foreign currency exposure amounting to 13,59,975USD & 680 Euro towards export sales & vendor payments.

Note 30

Capital and other commitments

There following are the details of capital and other commitments as on Balance Sheet date;

- a) There is a commitment of Rs 250 thousand towards Road work at factory.
- b) There is a commitment of Rs 107 thousand towards expansion of reception area.

Note 31

Contingent Liabilities

There were no contingent liabilities as on Balance Sheet date.

Note 32

Employees Stock Option Plan

There were no stock option plan as on Balance Sheet date.

Note 33

Previous year figures

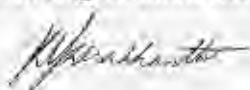
Till the year ended 31 March 2011, the company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

As per our report of even date

for **Guru & Jana**

Chartered Accountants

Firm Registration No.006826S



K.L. Prashanth

Partner

Membership No.213066



Place : Bangalore

Date : 4th September 2012

for and on behalf of the Board



Shanthi Swarup Aggarwal

Managing Director



Swapan Kumar Majumder

Director

STATEMENT OF TOTAL INCOME

Name : OVOBEL FOODS LIMITED

Address : New No. 46, Old No.32/1, Grand Floor, 3rd Cross, Agha Abbas Ali Road, Ulsoor, Bangalore-560042.

P.A. No. : AAAC02167R

Status : Domestic Company

Previous Year Ended : 31st March 2012

Assessment Year : 2012-2013

COMPUTATION OF TOTAL INCOME

| Particulars | (Rs.in '000) | (Rs.in '000) |
|---|--------------|--------------------|
| I. Income from Business/Profession: | | |
| Net Profit / (Loss) as per Profit & Loss Account | | (15,221.15) |
| Less: Income considered separately under other heads or exempted | | |
| - Interest Income | 2,333.99 | |
| - Dividend Income | 17.00 | |
| | | 2,350.99 |
| | | (17,572.14) |
| Add: Depreciation as per Companies Act, 1956 | 21,411.00 | |
| Expenses disallowed [Sec 43B] | | |
| i) Provision for Gratuity | 1,090.29 | |
| ii) Provision for Leave Encashment | 700.96 | |
| iii) Provision for Bonus | 2,036.73 | |
| KSIIDC Interest | 1,764.75 | |
| Donations | 15.00 | |
| Expenses Dis allowed u/s 40(a)(ia) - Non Remittance of TDS | 648.42 | |
| | | 27,667.15 |
| | | 10,095.01 |
| Less: Depreciation as per Income Tax Act | 9,749.56 | |
| Expenses disallowed under 43B earlier now allowed | | |
| i) Gratuity | 74.46 | |
| ii) Leave Encashment | 704.94 | |
| iii) Bonus | 1,410.67 | |
| Expenses Dis allowed u/s 40(a)(ia) - Non Remittance of TDS | 225.00 | |
| | | 12,164.63 |
| Income / (Loss) from Business (A) | | (2,069.62) |
| Less: Carried forward Business Loss Set Off | | |
| | | (2,069.62) |
| II. Income From Other Sources | | |
| Interest income | 2,333.99 | |
| | | 2,333.99 |
| Less: Current Year Business Loss Set Off | | (2,333.99) |
| | | |
| Total Income | | 264.37 |
| Less: B/F Depreciation Loss set off | | (264.37) |
| Total Income | | - |
| TDS Receivable 2011-12 | | 233.32 |

Note: Delay in remittances of ESI [employees contribution-Sec 36(i)(va)] have been allowed, as decided in the following cases:

1. CIT v/s. Alom Extrusion Ltd., 3/9 ITR 306 (Supreme Court)
2. Pik Pen Pvt Ltd vs. ITO (ITAT Mumbai)
3. CIT vs. AIMIL Limited (Delhi High Court)
4. Radhakrishna Foodland vs. ACIT (Mum)

COMPUTATION OF TAX LIABILITY

| | | |
|-----------------------------------|---|-----------------|
| Tax Particulars | | |
| Tax on Total Taxable Income @ 30% | - | Nil |
| Total tax Payable/(Refund) | | (233.32) |

For OVOBEL FOODS LIMITED

A. A. Aspinwall

Managing Director