



**OVOBEL
FOODS LIMITED**

CIN : L85110KA1993PLC013875

46, Old No. 32/1, Ground Floor, 3rd Cross, Agha Abbas Ali Road, Ulsoor, Bangalore - 560 042, INDIA.

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 Second Annual General Meeting of the Company will be held on Tuesday, 30th December 2014, 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 - 560 042, 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 2014, the Statement of Profit and Loss for the year ended on that date together with the reports of the Board of Directors and Auditors report thereon.
- 2 To appoint Ms. Anisha Agarwal, Director who retires by rotation and being eligible, offers herself for reappointment.
- 3 To appoint the Auditors under section 139(1) of the Companies Act, 2013 who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the Twenty Seventh Annual General Meeting for the Financial Year 2018-19, subject to the approval of members of the company at every Annual General Meeting of the company, and fix their remuneration.

SPECIAL BUSINESS:

4 REGULARISATION OF MR. SATISH NARAYANA SWAMY AS DIRECTOR:

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

"RESOLVED THAT Satish Narayana Swamy, who was appointed as an Additional Director of the Company on 19th September 2013 and who holds office until the date of this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956(Section 161(1) of the Companies Act, 2013), 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 any one of the directors of the Company be and is hereby authorized to file required forms with the Registrar of Companies / Ministry of Corporate Affairs and to do all the acts, deeds and things which are necessary for the above resolution."



5 REGULARISATION OF MR. PHILIP JAN CLEMENT JOZEF VANBOSSTRAETEN AS DIRECTOR:

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

"RESOLVED THAT Mr. Philip Jan Clement Jozef VanBosstraeten, who was appointed as an Additional Director of the Company on 07th November 2014 and who holds office until the date of this Annual General Meeting, pursuant to Section 161(1) of the Companies Act, 2013, 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 any one of the directors of the Company be and is hereby authorized to file required forms with the Registrar of Companies / Ministry of Corporate Affairs and to do all the acts, deeds and things which are necessary for the above resolution."

6 AMENDMENT/ MODIFICATION OF ARTICLES OF ASSOCIATION OF THE COMPANY AND ADOPTION OF NEW SET OF ARTICLES OF ASSOCIATION:

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

"RESOLVED THAT subject to the provision of Section 14 and section 5 of the Companies Act, 2013 and other applicable statutes / provisions, if any and the rules made thereunder, consent be and is hereby accorded for amendment of Articles of Association of the company for including following article in articles of the company.

"The Company, may, subject to the provision of sec.68 of Companies Act 2013 and other applicable provisions, if any, opt to buy back its equity shares from the members from time to time on such terms and conditions as may be agreed to between the members and the company."

"RESOLVED FURTHER THAT subject to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or re-enactment thereof) and rules made thereunder, Articles of Association of the Company be and is hereby altered by replacing all the existing regulations with the new regulations."



"**RESOLVED FURTHER THAT** any one of the directors of the Company be and is hereby authorized to file required forms with the Registrar of Companies / Ministry of Corporate Affairs and to do all the acts, deeds and things which are necessary for the above resolution."

7 AMENDMENT OF MEMORANDUM OF ASSOCIATION OF THE COMPANY FOR ADOPTION OF NEW SET OF MEMORANDUM OF ASSOCIATION:

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

"**RESOLVED THAT** subject to the provisions of Section 13 and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or re-enactment thereof) and rules made thereunder, Memorandum of Association of the Company be and is hereby altered by replacing all the existing regulations with the new regulations."

"**RESOLVED FURTHER THAT** any one of the directors of the Company be and is hereby authorized to file required forms with the Registrar of Companies / Ministry of Corporate Affairs and to do all the acts, deeds and things which are necessary for the above resolution."

For, OVOBEL FOODS LIMITED



Shanti Swarup Aggarwal
Managing Director
DIN: 00322011



Place: Bangalore

Date: 06th December 2014

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 December, 2014 to 29th December, 2014 (Both Days inclusive).
3. The Register of Directors' shareholding, maintained under Section 307 of the Companies Act 1956 (Section 170(1) 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 (Section 189 of the Companies Act, 2013), 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**

A. A. Aggarwal

Shanti Swarup Aggarwal
Managing Director
DIN: 00322011



Place: Bangalore
Date: 06th December 2014

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (SECTION 173(2) OF THE COMPANIES ACT, 1956)

SPECIAL BUSINESS

4. REGULARISATION OF SATISH NARAYANA SWAMY AS DIRECTOR

Mr. Satish Narayana Swamy was appointed as an Additional Director by the Board of Director w.e.f. 19th September 2013 in accordance with the provisions of Section 260 of the Companies Act, 1956 (Section 161(1) of the Companies Act, 2013).

Pursuant to Section 260 of the Companies Act, 1956 (Section 161(1) of the Companies Act, 2013) the above director holds office up to the date of the ensuing Annual General Meeting. The Board feels that presence of Mr. Satish Narayana Swamy on the Board is needed and would be beneficial to the company and hence recommend resolution for his regularization as a director on the Board.

None of the Directors, Managers, and other key managerial personnel, and their relatives are concerned or interested in this resolution except to Mr. Satish Narayana Swamy who is being regularized as an director.

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



Shanti Swarup Aggarwal
Managing Director
DIN: 00322011



Place: Bangalore

Date: 06th December 2014

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (SECTION 173(2) OF THE COMPANIES ACT, 1956)

SPECIAL BUSINESS

5. REGULARISATION OF PHILIP JAN CLEMENT JOZEF VANBOSSTRAETEN AS DIRECTOR

Mr. Philip Jan Clement Jozef VanBosstraeten was appointed as an Additional Director by the Board of Director w.e.f. 07th November 2014 in accordance with the provisions of Section 161(1) of the Companies Act, 2013.

Pursuant to Section 161(1) of the Companies Act, 2013 the above director holds office up to the date of the ensuing Annual General Meeting. The Board feels that presence of Mr. Philip Jan Clement Jozef VanBosstraeten on the Board is needed and would be beneficial to the company and hence recommend resolution for his regularization as a director on the Board.

None of the Directors, Managers, and other key managerial personnel, and their relatives are concerned or interested in this resolution except to Mr. Philip Jan Clement Jozef VanBosstraeten who is being regularized as an director

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



Shanti Swarup Aggarwal
Managing Director
DIN: 00322011



Place: Bangalore
Date: 06th December 2014

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (SECTION 173(2) OF THE COMPANIES ACT, 1956)

SPECIAL BUSINESS

6. AMENDMENT/ MODIFICATION OF ARTICLES OF ASSOCIATION OF THE COMPANY AND ADOPTION OF NEW SET OF ARTICLES OF ASSOCIATION:

The Shareholders are aware that the present set of Articles of Association were adopted at the time of incorporation of the Company in the year 1993 which does not permit buy back of its equity shares from its members.

However, pursuant to the directions of Honorable BIFR vide its proceedings dated 31.07.2014 to resolve the issue of buy back of equity shares subscribed by Ministry of Food Processing Industries and KSIIDC, the proposed amendment is essential and a statutory requirement.

Further since as per the provisions of the Companies Act, 2013, format of Articles of Association of the companies has also been changed, it is proposed to adopt new set of Articles of Association for the Companies.

Hence the aforesaid resolution has been placed before the shareholders for their approval and adoption, which the directors recommend is in the best interest of the company.

None of the Directors, Managers and other key managerial personnel, and their relatives are concerned or interested in this resolution.

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


Shanti Swarup Aggarwal
Managing Director
DIN: 00322011



Place: Bangalore
Date: 06th December 2014

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (SECTION 173(2) OF THE COMPANIES ACT, 1956)

SPECIAL BUSINESS

7. AMENDMENT OF MEMORANDUM OF ASSOCIATION OF THE COMPANY FOR ADOPTION OF NEW SET OF MEMORANDUM OF ASSOCIATION:

The Shareholders are aware that the present set of Memorandum of Association was adopted at the time of incorporation of the Company in the year 1993.

Since as per the provisions of the Companies Act, 2013, format of Memorandum of Association of the companies has been changed, it is proposed to adopt new set of Memorandum of Association for the Companies.

Hence the aforesaid resolution has been placed before the shareholders for their approval and adoption, which the directors recommend is in the best interest of the company.

None of the Directors, Managers and other key managerial personnel, and their relatives is concerned or interested in this resolution.

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

A. A. Aggarwal

Shanti Swarup Aggarwal
Managing Director
DIN: 00322011



Place: Bangalore
Date: 06th December 2014



**OVOBEL
FOODS LIMITED**

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DIRECTORS' REPORT

To the Members

OVOBEL FOODS LIMITED,

Your Directors have the pleasure in presenting the Twenty Second Annual Report of the business and operations of the company together with the audited accounts for the year ended 31st March 2014.

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	2013-14	2012-13
Total revenue	1,124,390	875,497
Total Expenses including depreciation and finance cost	1,163,344	878,375
Profit / (Loss) After Tax	(38,954)	(2,878)

In view of the present financial health of the company and the binding provisions of SICA, your Directors' do not recommend any dividend for the year under review.

The Earning per share for the year under review is -3.71 (previous year Rs.-0.27).

Your Directors are hopeful of the company showing improved performances during current financial year and in the coming days in view of several long term measures taken by the management as well as rehabilitation measures as envisaged in the Draft Rehabilitation Scheme prepared by the operating agency appointed by Honorable BIFR

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 other 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

Due to several corrective measures taken by the management, company's products are in high demand both in domestic and international markets. This unique advantage is likely to result in bringing in more and more opportunities of added commercial advantage during the days ahead.

c. Threats

While international competition could pose a threat to company's future operations, your Directors' are confident of effectively countering the same by utilizing its past experience and skills.

d. 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.

e. 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.

f. 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 (Section 73(1) of the Companies Act, 2013) 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:

Being a sick industrial undertaking as declared by Honorable Board Of Industrial And Financial Reconstruction (BIFR), Company is in the process of finalizing a fully tied-up and a viable Draft Rehabilitation Scheme to be submitted to the BIFR and its eventual sanction under the provisions of SICA.

While a couple of draft schemes has been submitted to OA in the past and in the process, the dues of majority of the secured creditors have been settled through OTS route, efforts are being made to arrive at similar settlement with KSIIDC who are the sole secured creditor to fall in line with the DRS.

Your Directors' are hopeful of resolving this issue and all pending issues and have a rehabilitation scheme sanctioned by Honorable BIFR during the current year.

CONSTITUTION OF THE BOARD OF DIRECTORS:

The Board of Directors of the company is duly constituted during the year.

Mr. Satish Narayana Swamy was appointed as an additional director on 20th April, 2013 and later he resigned from the board on 26/08/2013.

Further on 19th September, 2013, Mr. Satish Narayana Swamy was again appointed as additional director by the board of the company.

Mr. Filiep Van Bosstraeten ceased to be director due to his death on 04/09/2013.

Ms. Anisha Agarwal, 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 (Section 134(3)(c) of the Companies Act, 2013) 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 2014, 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 (Companies Act, 2013) 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 2014 on a 'Going Concern & Accrual' basis.

Buy Back of Company's Equity Shares:

Pursuant to the directions of Honourable BIFR directing the company to arrive at a scheme of settlement of buy-back of equity shares of 5,00,000 each subscribed by MFPI and KSIIDC respectively, your Board of Directors have offered a scheme of settlement and buy back outcome of which will be reported in the ensuing year. Accordingly your Directors' have also recommended necessary amendments to Articles of Association of the company.

Foreign Exchange Earnings

1. Earning in Foreign Currency - (On accrual basis)

(Rs in thousand's)

Particulars	2012-13	2012-13
FOB Value of Exports	1,007,861	762,194

2. Expenditure in Foreign Currency - (On accrual basis)

(Rs in thousand's)

Particulars	2013-14	2012-13
Travelling Expenses	0	173
Sales Commission	18,786	7,246
Others	226	193

DIVIDEND

In view of the present financial health of the company and the binding provisions of SICA, your Directors' regret to recommend any dividend for the year under review

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 (Section 177(1) of the Companies Act, 2013). The composition, powers and functions of the Audit Committee are in line with the provision of section 292A of the Companies Act, 1956 (Section 177(1) of the Companies Act, 2013) & the Listing Agreement.

AUDITORS QUALIFICATION AND DIRECTORS RESPONSE:

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, (Companies Act, 2013) 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:

Auditors Qualification:

- a) *Company has not paid interest or principal due to Public financial institutions to the tune of Rs 246,723,000/- as per the books as on 31.3.2014.*

Reply to Qualification a:

"The company, being a BIFR company, is negotiating with the financial institutions for the waiver of repayment/interest and other terms of the loan through One Time Settlement. In the books of accounts, the company has accounted the principal and interest due to concerned financial institutions and the same will be paid upon agreement on One Time Settlement by all the concerned parties".

Auditors Qualifications:**Annexure to the Auditor's Report**

Point (i)(a) The Company is in the process of updating the records showing full particulars, including quantitative details and situation of fixed assets.

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.

Reply to Auditors Qualifications:**Annexure to the Auditor's Report:**

Point (i)(a) The board has taken note and shall finish updating the Fixed Assets register in the forthcoming Year.

Point (i)(b) The Board has taken note and shall take up the necessary action for verification in the forthcoming 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.

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
DIN: 00322011



Swapan Kumar Majumdar
Director
DIN: 03178122

Place: Bangalore

Date: 06th December 2014

To,
The Members of Ovobel Foods Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Ovobel Foods Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with general circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting



policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India except for the following:

- i) ***The company has not paid interest or principal due to Public financial institutions to the tune of Rs 2,46,723,000 (net) as per the books as on 31.3.2014.***

(a) In the case of the Balance Sheet, of the **state of affairs** of the Company as at March 31, 2014;

(b) In the case of the Statement of Profit and Loss, of the **loss** for the year ended on that date; and

(c) In the case of the Cash Flow Statement, of the **cash flows** for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose 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 [and proper returns adequate for the purposes of our audit have been received from branches not visited by us];
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account [and with the returns received from branches not visited by us];
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

Forming an Opinion and Reporting on Financial Statements

For Guru & Jana

Chartered Accountants

Firm Registration No. 006826S



K.L. Prashanth

Partner

Membership No.213066

Place: Bangalore

Date: 31st October 2014

Annexure to the Auditors' Report of even date to the members of Ovobel Foods Limited, on the financial statements for the year ended 31st March 2014.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company is in the process of updating the records showing full particulars, including quantitative details and situation of fixed assets.
 - (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.
 - (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii)(a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) 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.
 - (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii)(a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii) (b) to (d) of the Order are not applicable.
 - (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii) (f) and 4(iii) (g) of the Order are not applicable.
- (iv) In our opinion, there is an adequate internal control system 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 and services.
- (v) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered.
- (vi) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) The Company did not have an internal audit system during the year.



Annexure to the Auditors' Report of even date to the members of Ovobel Foods Limited, on the financial statements for the year ended 31st March 2014.

- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, in respect of Company's products. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.
- (ix)(a) The Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, with the appropriate authorities.
- (b) There are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) In our opinion, the Company's accumulated losses at the end of the financial year are more than fifty per cent of its net worth. Further the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) The Company has defaulted in repayment of dues, including interest to financial institutions to the tune of Rs. 2,46,723,000 (net) as per the books.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.
- (xvi) Company has not obtained any fresh term loans during the year. However the term loans obtained earlier has been applied for the purpose for which the loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.



Annexure to the Auditors' Report of even date to the members of Ovohel Foods Limited, on the financial statements for the year ended 31st March 2014.

- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For Guru & Jana
Chartered Accountants
Firm Registration No. 006826S



K.I. Prashanth
Partner
Membership No. 213066



Place: Bangalore

Date: 31st October 2014

OVOBEL FOODS LIMITED
BALANCE SHEET FOR THE PERIOD ENDING 31ST MARCH 2014

(Rupees in 000's)

Particulars	Notes	31-Mar-14	31-Mar-13
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	1,05,008	1,05,008
Reserves and surplus	3	(1,98,360)	(1,59,405)
Net Worth before Capital Reserve		(93,352)	(54,397)
Capital Reserve		48,935	48,935
		(44,416)	(5,462)
Non-current liabilities			
Long-term borrowings	4	12,775	12,775
Long-term provisions	5	6,270	5,101
		19,045	17,876
Current liabilities			
Short-term borrowings	6	96,507	1,07,253
Trade Payables	7	54,408	85,596
Other current liabilities	7	2,48,564	30,881
Short-term provisions	5	-	413
		3,99,478	2,24,143
		3,74,107	2,36,557
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	22,707	22,451
Intangible assets	8	327	96
Non-current investments	9	250	270
Long-term loans and advances	10	4,975	3,036
		28,259	25,853
Current assets			
Inventories	13	63,843	51,542
Trade receivables	11	1,11,219	1,01,593
Cash and bank balances	14	1,51,768	48,803
Short-term loans and advances	10	9,606	5,564
Other current assets	12	9,412	3,203
		3,45,848	2,10,704
		3,74,107	2,36,557

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

for and on behalf of the Board of Directors

Shanti Swarup Aggarwal

Managing Director

Swapan Kumar Majumder

Director

Place : Bangalore

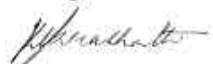
Date : 31st October 2014



OVOBEL FOODS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

Particulars	Notes	31-Mar-14	31-Mar-13
CONTINUING OPERATIONS			
Income			
Revenue from operations (gross)	15	10,57,776	8,37,506
Less: Excise Duty		3,594	4,780
Revenue from operations (net)		10,54,182	8,32,726
Other income	16	70,208	42,771
Total revenue (i)		11,24,390	8,75,497
Expenses			
Cost of raw materials and components consumed	17	7,66,557	7,24,030
(Increase) / Decrease in inventories of finished goods, work in progress and traded goods	18	(11,246)	(12,301)
Employee benefit Expenses	19	47,334	37,794
Other expenses	20	1,26,033	1,08,729
Total (ii)		9,28,679	8,58,251
Earnings before interest, tax, depreciation and amortization (EBITDA) [(i) - (ii)]		1,95,711	17,246
Depreciation and amortization expense	21	2,422	4,681
Finance costs	22	2,32,243	15,444
Profit/ (Loss) before Exceptional and Extraordinary Items and Tax		(38,954)	(2,878)
Extraordinary Items			
Prior Period Expenses		-	-
Profit before Tax		(38,954)	(2,878)
Tax expenses			
Current tax		-	-
Deferred tax		-	-
Total tax expense		-	-
Profit/(loss) for the year		(38,954)	(2,878)
Earnings per equity share [nominal value of share Rs. 10(31 March 2013 : Rs.10)]			
Basic & Diluted	23		
Computed on the basis of profit from continuing operations		(3.71)	(0.27)
Computed on the basis of total profit for the year		(3.71)	(0.27)
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



for and on behalf of the Board of Directors


Shanti Swarup Aggarwal
Managing Director


Swapan Kumar Majumder
Director



Place : Bangalore
Date : 31st October 2014

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 Non-Small and Medium size Company. All amounts are stated in Indian Rupees, except as otherwise specified.

2 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.

3 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.

4 Inventories

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

5 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.

6 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.

7 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.



8 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.

9 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.

10 Sales Commission

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

11 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.

12 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.

13 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.

14 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.

15 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.



Total issued, subscribed and fully paid-up share capital

31-Mar-14	31-Mar-13
1,10,000	1,10,000
1,10,000	1,10,000
1,05,008	1,05,008
1,05,008	1,05,008

Equity Shares

	31-Mar-14		31-Mar-13	
	No.	Amount	No.	Amount
At the beginning of the period	105,00,800	1,05,008	105,00,800	1,05,008
Issued During the period	-	-	-	-
Outstanding at the end of the period	105,00,800	1,05,008	105,00,800	1,05,008

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.

	31-Mar-14		31-Mar-13	
	No.	% holding	No.	% holding
Equity shares of Rs,10 each fully paid				
Ovobel NV	14,84,691	14.14%	14,84,691	14.14%
Shanti Swarup Aggarwal	7,61,409	7.25%	7,61,409	7.25%
Vinita Agarwal	6,18,400	5.89%	6,18,400	5.89%
Utsav Parekh	5,46,900	5.21%	5,46,900	5.21%

Total Reserves and Surplus

31-Mar-14	31-Mar-13
(1,59,405)	(1,56,527)
[38,954]	(2,878)
(1,98,360)	(1,59,405)
(1,98,360)	(1,59,405)



Note 4**Long-term borrowings****Term Loans****Secured**

Rupee Loans from Financial Institutions

Total Long Term Borrowings

	31-Mar-14	31-Mar-13
	12,775	12,775
	12,775	12,775

a. Company had availed three financial assistances from KSIIDC & MFPI viz. (i) KSIIDC Term loan of Rs. 4,000 thousands (ii) KSIIDC - Corporate loan Rs. 4,625 thousands and (iii) MFPI Term loan of Rs. 4,150 thousands, which are secured by way of first charge and the fixed assets of the company by way of equitable mortgage of factory land and building, hypothecation of plant and machinery as well as personal guarantee of few directors.

b. On account of the sickness and company's inability to honour the repayment obligations leading company had approached these institutions for settlement of dues through One Time Settlement routes, adopting interest at the rate 15% p.a. as per RBI guidelines for Sick Companies. However, KSIIDC despite directions of Honorable BIFR as well as Draft Rehabilitation Scheme (DRS) prepared by OA, declined company's request and quantified the recoverable dues at Rs. 2,55,033 thousands as on 31st December 2013 vide their letter dated 10th January 2014. Accordingly, company has, recognised the said demand during the year in lieu of the past practice in conformity with AS-5, which will be subject to the final decision of the respective lenders and the orders of Honorable BIFR when final adjustments as may needed will be given effect to.

c. As far as MFPI are concerned, though they had during January 2014, computed their recoverable dues at Rs. 12,242 thousands in line with the DRS prepared by OA, no effect of the same has been given in the books of accounts as on 31st March 2014 for want of accounts closure/no due certificate by MFPI/KSIIDC and its approval by Honorable BIFR.

Note 5**Provisions****Provision for employee benefits**

Provision for gratuity

Provision for leave benefits

Total Provisions

	Long-term		Short-term	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	5,088	4,163	-	341
	1,181	938	-	72
	6,270	5,101	-	413

Note 6**Short Term Borrowings**

Packing Credit (Secured)

Bill Discounting (Secured)

Overdraft facility (Secured)

Inter Corporate Deposits (Unsecured)

Total Short term borrowings

	31-Mar-14	31-Mar-13
	13,741	10,595
	51,265	77,042
	31,500	-
	-	19,617
	96,507	1,07,253

a. Packing Credit is secured against first charge on the raw materials viz., eggs, chemicals, packing, materials; semi finished goods & finished goods viz., egg powder & frozen egg liquid and irrevocable LC's.

b. Bill discounting is secured against export bills drawn under irrevocable LC's / confirmed orders duly covered under ECGC.

c. Both packing credit & Bill discounting are secured against second charge on the fixed assets of the company viz., movables like imported and indigenous plant, machineries & other equipments and immovables viz., land already mortgaged / hypothecated to KSIIDC.

d. Both Packing Credit and Bil Discounting is repayable on demand and carries interest @ Bank rate plus 1.5% (During the year interest was charged at the rate of 11.70%.)

e. Overdraft facility is secured against fixed deposits & it carries interest @ 11.25%

f. 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)**

Dues to micro, medium and small enterprises

Dues to other than micro, medium and small enterprises

	31-Mar-14	31-Mar-13
	-	225
	54,408	85,371
	54,408	85,596

Other Current Liabilities

Interest accrued but not due on borrowings

Advance from Customers

Statutory dues

Total other Current Liabilities

	2,42,307	23,283
	5,006	4,999
	1,251	2,600
	2,48,564	30,881

OVOBEL FOODS LIMITED

Notes to Financial Statements for the year ended 31ST MARCH 2014

(Rupees in '000)

Note 8

Tangible and Intangible Assets

Particulars /Assets	Tangible Assets							Intangible Assets	
	Land & Buliding	Factory Building	Office Equipments	Furniture & Fixtures	Plant & Machinery	Vehicles	Computer & Peripherals	Total	Total
Cost or valuation									
At 1 April 2012	1,722	39,436	1,842	1,665	1,88,358	515	1,284	2,34,822	183
Additions	-	-	95	-	1,326	-	34	1,455	-
Disposals	-	-	-	-	-	-	-	-	-
At 31 March 2013	1,722	39,436	1,936	1,665	1,89,684	515	1,318	2,36,277	183
Additions	-	-	257	-	2,218	-	149	2,624	285
Disposals	-	-	-	-	-	-	-	-	-
At 31 Mar 2014	1,722	39,436	2,193	1,665	1,91,902	515	1,467	2,38,901	467
Depreciation									
At 1 April 2012	-	19,664	1,030	726	1,60,693	77	879	1,83,068	64
Charge for the year	-	1,317	87	105	2,890	49	209	4,658	23
Disposals	-	-	-	-	-	-	-	-	-
At 31 March 2013	-	20,981	1,117	831	1,63,583	126	1,088	1,87,726	86
Charge for the year	-	1,317	97	105	572	49	227	2,368	54
Disposals	-	-	-	-	-	-	-	-	-
At 31 Mar 2014	-	22,298	1,213	937	1,64,155	175	1,315	1,90,093	141
Impairment of Assets									
At 1 April 2012					26,100			26,100	
At 31 March 2013					26,100			26,100	
Charge for the year									
At 31 Mar 2014					26,100			26,100	
Net Block									
At 31 March 2013	1,722	18,455	820	834	0	390	230	22,451	96
At 31 March 2014	1,722	17,138	980	729	1,646	341	152	22,707	327



Note 9

Non Current Investments

Non Trade investments

Unquoted Mutual Funds

1000 (as on 31 March 2014: 1000) units of Rs. 20 fully paid in Principal Junior Capital

31-Mar-14 31-Mar-13

20

Investment in Equity Instruments (Quoted)

10 000 (31 March 2013: 10,000) equity shares of Rs. 10 each fully paid in SMIPS Capital Markets Limited

[Market Value Rs 451.5 thousand (March 2013: Rs 431.5 thousand)]

250 250

Total Non Current Investments

250 270

Note 10

Loans and Advances

Security Deposit

Secured considered good

Unsecured considered good

Long Term

Short Term

31-Mar-14 31-Mar-13 31-Mar-14 31-Mar-13

2,220 1,780

2,220 1,780

815 815

815 815

Loans to related parties

Unsecured considered good

(Refer Note no 25, related party disclosure)

Advances recoverable in cash or kind

Unsecured considered good

75 108

75 108

Other loans and Advances

Prepaid expenses

Advances to employees

Deposits with government/statutory authorities

- - 156 167

- - 767 38

2,756 1,257 7,794 4,436

2,756 1,257 8,716 4,641

4,975 3,036 9,606 5,564

Total Loans and Advances

Note 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

Unsecured, considered good - outstanding for a period exceeding six months

Total Trade receivables

31-Mar-14 31-Mar-13

1,11,219 1,01,593

1,11,219 1,01,593

Note 12

Other Current Assets

Advance to suppliers

Advance against One Time Settlement offers

Others

Total Other Assets

31-Mar-14 31-Mar-13

1,102 446

8,310 2,689

- 68

9,412 3,203

Note 13

Inventories

Raw Materials and Components

(Refer note no.17 for cost of raw materials consumed)

Finished Goods

Stock in transit

Total Inventories

31-Mar-14 31-Mar-13

4,655 3,599

43,503 35,323

15,686 12,620

63,843 51,542

Note 14

Cash and bank balances

Cash and cash equivalents

Balances with banks:

- On current accounts

Cash on hand

Non-current

Current

31-Mar-14 31-Mar-13 31-Mar-14 31-Mar-13

- 45,051 1,233

- 60 766

- - 45,111 1,998

Other bank balances

Deposits with original maturity for more than 3 months but less than 12 months

Margin money deposit

- - 1,06,657 46,805

- - - -

- - 1,06,657 46,805

Amount disclosed under non-current assets:

- - - -

- - 1,51,768 48,803



OVOBEL FOODS LIMITED
Notes to Financial Statements for the year ended 31ST MARCH 2014
(Rupees in '000)
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)

31-Mar-14	31-Mar-13
10,57,776	8,51,971
-	14,465
10,57,776	8,37,506
3,594	4,780
10,54,182	8,32,726

* Excise duty on sales amounting to Rs. 3,594 (31 March 2013: Rs. 4,780) 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-14	31-Mar-13
10,22,350	53,83,024
31,032	54,025
-	(14,465)
10,54,182	54,22,584

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

(Net of expenses directly attributable to such income)

* Includes sale of export licenses Rs. 46,250 thousands (March 2013: Rs. 23,273 thousands)

31-Mar-14	31-Mar-13
5,187	3,705
11	-
14	14
5,149	-
59,847	39,052
70,208	42,771

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-14	31-Mar-13
1,656	1,327
7,66,203	7,24,359
7,67,859	7,25,686
1,302	1,656
7,66,557	7,24,030

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

7,66,051	7,23,936
506	94
7,66,557	7,24,030

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

52	845
1,250	812
1,302	1,656



OVOBEL FOODS LIMITED
Notes to Financial Statements for the year ended 31ST MARCH 2014
(Rupees in '000)
Note 18
(Increase) / Decrease in inventories
Inventories at the end of the year

Finished Goods

Inventories at the beginning of the year

Finished Goods

	31-Mar-14	31-Mar-13	(Increases)/ Decreases
Finished Goods	59,189	47,943	(11,246)
	59,189	47,943	(11,246)
Finished Goods	47,943	35,641	(12,301)
	47,943	35,641	(12,301)
	(11,246)	(12,301)	

Details of inventory
Finished Goods

Egg - Powder

Egg - Liquid

	31-Mar-14	31-Mar-13
Egg - Powder	57,259	47,697
Egg - Liquid	1,930	246
	59,189	47,943

Note 19
Employee benefit expense

Salaries, wages and bonus

Contribution to provident fund and other funds

Staff welfare expenses

	31-Mar-14	31-Mar-13
Salaries, wages and bonus	43,832	34,231
Contribution to provident fund and other funds	1,620	1,595
Staff welfare expenses	1,883	1,967
	47,334	37,794

Note 20
Other expenses

Consumption of Power & fuel

Freight & Forwarding Charges

Consumption of stores & spares

Electricity

Sales commission

Repairs and Maintenance

Plant and Machinery

Buildings

Others

Travelling and conveyance

Legal and Professional Fees

Insurance

Inspection Charges

Rent

Payment to auditor (refer table below)

Communication costs

Miscellaneous expenses

Loss on Forward Contract

Exchange Fluctuation

	31-Mar-14	31-Mar-13
Consumption of Power & fuel	32,506	28,934
Freight & Forwarding Charges	16,427	17,366
Consumption of stores & spares	14,796	16,909
Electricity	12,393	12,440
Sales commission	18,786	7,246
Repairs and Maintenance		
Plant and Machinery	4,108	3,997
Buildings	1,359	1,230
Others	746	620
Travelling and conveyance	4,458	3,252
Legal and Professional Fees	2,672	2,913
Insurance	3,029	2,854
Inspection Charges	2,308	1,667
Rent	394	375
Payment to auditor (refer table below)	823	610
Communication costs	1,161	874
Miscellaneous expenses	9,228	7,162
Loss on Forward Contract	1,341	-
Exchange Fluctuation	-	282
	1,26,033	1,08,729

Payment to Auditor
As Auditor:

Audit Fee

Tax audit fee

VAT audit fee

In Other capacity:

Taxation matters

Company law matters

Management services

Certification Fees

Other services

Reimbursement of Expenses

	31-Mar-14	31-Mar-13
Audit Fee	225	175
Tax audit fee	75	50
VAT audit fee	35	40
Taxation matters	136	85
Company law matters	189	106
Management services	-	33
Certification Fees	23	49
Other services	118	72
Reimbursement of Expenses	23	-
	823	610



OVOBEL FOODS LIMITED
Notes to Financial Statements for the year ended 31ST MARCH 2014
(Rupees in '000)
Note 21
Depreciation and amortization expense

Depreciation of tangible assets

Amortization of intangible assets

31-Mar-14	31-Mar-13
2,368	4,658
54	23
2,422	4,681

Note 22
Finance Costs

Interest *

Bank charges

31-Mar-14	31-Mar-13
2,29,284	13,502
2,959	1,942
2,32,243	15,444

* Includes differential interest amounting to Rs. 2,17,059 claimed by KSIIDC, during the year under review for and on behalf of themself and MFPI, vide their letter dated 10.1.2014, in response to DRS circulated by OA and which is recognised by the company, pending final decision on company's OTS requests by both institutions and its subsequent sanction by Hon'ble BIFR

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-14	31-Mar-13
-----------	-----------

(30,954) (2,878)

 - -
 (38,954) (2,878)

Weighted average number of equity shares in calculating basic EPS

10,501 10,501

Earnings Per Share
(3.71) (0.27)


Note 24

Disclosure under Accounting Standard 15 on Employee Benefits

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

Net employment benefit expenses recognised in the employee cost

	(Rupees in '000)	
	31-Mar-14	31-Mar-13
Current service cost	230	87
Interest cost on benefit obligation	411	361
Expected return on plan assets	-	-
Actuarial (Gain) / loss recognised in the year	(57)	(325)
Net benefit expenses	584	124

Benefit asset / liability

	31-Mar-14	31-Mar-13
Present value of defined benefit obligation	5,088	4,504
Fair value of plan assets	-	-
Plan asset / (liability)	(5,088)	(4,504)

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

	31-Mar-14	31-Mar-13
Opening defined benefit obligation	4,504	4,380
Current service cost	230	87
Interest cost	411	361
Benefits paid	-	-
Actuarial (Gain) / Loss on obligation	(57)	(325)
Closing defined benefit obligation	5,088	4,504

Change in Fair Value of Plan Assets are as follows:

	31-Mar-14	31-Mar-13
Opening fair value of plan assets	-	-
Expected return	-	-
Contributions (Estimated)	-	-
Benefits Settled	-	-
Actuarial gain / (loss)	-	-
Closing fair value of plan assets	-	-

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

	31-Mar-14	31-Mar-13
Interest rate	9.12%	8.25%
Discount factor	9.12%	8.25%
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



Note 25

Related Party Disclosures

Related parties with whom transactions have taken place during the year

Member, Director & Key Managerial Personnel
 Director
 Director
 Additional Director

Mr. Shanti Swarup Aggarwal
 Mr. Swapan Kumar Majumder
 Ms. Anisha Aggarwal
 Mr. Satish Narayana Swamy

Companies in which directors are interested

Induss Food Products & Equipments Limited
 Prestige Ice Cream Private Limited

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

a. Services received from related parties

	Year Ended	Amount	Amount owned to related parties
Companies in which directors are interested Prestige Icecream Private Limited	31-Mar-14	120	-
	31-Mar-13	600	-

b. Reimbursement of expenses to related parties

	Year Ended	Amount	Amount owned to related parties
Companies in which directors are interested Induss Food Products & Equipments Limited	31-Mar-14	12,230	-
	31-Mar-13	6,826	-

c. Loan given to key managerial person

	Year Ended	Loan given	Repayment	Interest Accrued	Amount owned by related parties
Director & Key Managerial Personnel Mr. Shanti Swarup Aggarwal	31-Mar-14	-	-	-	815
	31-Mar-13	-	-	-	815

d. Remuneration to Key Management personnel

	31-Mar-14	31-Mar-13
Mr. Shanti Swarup Aggarwal, Managing Director Salaries, Perquisites, Contribution to PF	2,000	2,000

Note 26

Value of imports calculated on CIF basis

Components and spare parts

	31-Mar-14	31-Mar-13
	2,226	542
	2,226	542

Note 28

Expenditure in foreign currency (Accrual Basis)

Traveling Expenses

Sales Commission

Lab Testing External

	31-Mar-14	31-Mar-13
	-	173
	18,786	7,246
	226	193
	19,013	7,612

Note 27

Earnings in foreign currency (Accrual Basis)

Exports

	31-Mar-14	31-Mar-13
	1,007,861	762,194
	1,007,861	762,194

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 charges as per mutual agreement between the parties.

Payments (Accrual Basis)

	31-Mar-14	31-Mar-13
	394	375
	394	375



OVOBEL FOODS LIMITED

Notes to Financial Statements for the year ended 31ST MARCH 2014

Note 29

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 17,77,117.5 USD & 73,888 USD towards export sales & vendor payments.

Note 30

Capital and other commitments

There are no capital and other commitments as on Balance Sheet date.

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

Previous year figures have been regrouped and reclassified to match with current year classification.

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 : 31st October 2014

for and on behalf of the Board of Directors



Shanti Swarup Aggarwal
Managing Director



Swapan Kumar Majumder
Director



(Rupees in '000)

Particulars	31-Mar-14	31-Mar-13
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	(38,954)	(2,878)
Profit before tax	(38,954)	(2,878)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/ amortization on continuing operation	2,422	4,681
Loss/ (profit) on sale of fixed assets	-	-
Interest Expense	2,29,284	13,502
Interest income	(5,177)	(3,705)
Dividend Income	(14)	(14)
Operating profit before working capital changes	1,87,561	11,586
Movements in working capital :		
Increase / (Decrease) in trade payables	(31,188)	38,140
Increase / (Decrease) in long term provisions	1,169	(7)
Increase / (decrease) in short-term provisions	(413)	(18)
Increase / (decrease) in other current liabilities	2,17,682	1,511
Decrease / (increase) in trade receivables	(9,627)	(29,686)
Decrease / (increase) in inventories	(12,302)	(12,301)
Decrease / (increase) long term loans and advances	(1,939)	(371)
Decrease / (increase) short term loans and advances	(4,042)	(3,459)
Decrease / (increase) in other current assets	(6,209)	1,636
Decrease / (increase) in other non current assets	-	13,691
Cash generated from / (used in) operations	3,40,693	20,723
Direct taxes paid (net of refunds)	-	-
Net cash flow from/ (used in) operating activities (A)	3,40,693	20,723
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(2,908)	(1,455)
Sale of Investments	20	-
Investments in bank deposits (having maturity more than 3 months but less than 12 months)	(59,852)	(27,644)
Interest received	5,177	3,705
Dividend Received	14	14
Net cash flow from/ (used in) investing activities (B)	(57,550)	(25,380)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	(10,747)	9,256
Repayments of long-term borrowings	-	(1,679)
Interest paid	(2,29,284)	(13,502)
Net cash flow from/ (used in) in financing activities (C)	(2,40,030)	(5,925)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	43,113	(10,582)
Cash and cash equivalents at the beginning of the year	1,998	12,580
Cash and cash equivalents at the end of the year	45,111	1,998
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on hand	60	766
Cheques/ drafts on hand	-	-
With banks- on current account	45,051	1,233
- unpaid matured deposits	-	-
Total cash and cash equivalents (Note 14)	45,111	1,998

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 : 31st October 2014

for and on behalf of the Board of Directors

Shanti Swarup Aggarwal
Managing Director

Swapan Kumar Majumder
Director



STATEMENT OF TOTAL INCOME

Name	:	OVOBEL FOODS LIMITED
Address	:	New No. 16, Old No. 32/1, Grand Floor, 3rd Cross, Alpha Aghas Ali Road, Ulsoor, Bangalore-560042.
PAN	:	AAAC02167R
Status	:	Domestic Company
Previous Year Ended	:	31st March 2014
Assessment Year	:	2014-2015

COMPUTATION OF TOTAL INCOME		
Particulars	(Amount in Rs.)	(Amount in Rs.)
I. Income from Business/Profession:		
Net Profit / (Loss) as per Profit & Loss Account (Before Exceptional and Extraordinary Items and Tax)		[389,54,008]
Less: Income considered separately under other heads or exempted		
- Interest Income	51,97,814	
- Dividend Income	14,000	
		52,11,814
Add: Depreciation as per Companies Act, 1956	24,21,791	
Expenses Disallowed u/s 40(a)(ii)	6,99,739	
Expenses disallowed [Sec 43B]		
i) Provision for Gratuity	5,84,158	
ii) Provision for Leave Encashment	7,38,221	
iii) Provision for Bonus	26,60,311	
Donations	43,900	
Disallowance U/s 14A	1,300	
Expenses Disallowed u/s 40(a)(ia)	10,99,199	
		82,48,619
Less: Depreciation as per Income Tax Act	78,56,167	
Expenses disallowed under 43B earlier now allowed		
i) Leave Encashment	5,66,822	
ii) Bonus	22,07,008	
Expenses disallowed under 43B for current year allowed based on payment		
i) Bonus	-	
Expenses Disallowed u/s 40(a)(ia) earlier, now allowed	10,17,259	
Income / (Loss) from Business (A)		(475,64,760)
II. Income From Other Sources		
Interest income	51,97,814	51,97,814
Less: Brought forward Business & Depreciation Loss Set Off		(423,66,946)
Gross Total Income		(423,66,946)
Total Taxable Income/(Loss)		(423,66,946)
Tax there on		-
Minimum Alternate Tax Payable		-
Add: Surcharge		-
Add: Education Cess @ 3%		-
TAX PAYABLE		-
Less: TDS Receivable 2013-14		5,18,216
Add: Interest U/s 234B		(5,18,216)
Interest U/s 234C		-
Tax after Interest		(5,18,216)
Less: Self Assmt Tax		-
Tax payable / (Refund Due)		(5,18,216)
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. Pk Pen Pvt Ltd vs. ITO (ITAT Mumbai)		
3. CIT vs. AIMIL Limited (Delhi High Court)		
4. Radhakrishna Foodland vs. ACIT (Mum)		



For OVOBEL FOODS LIMITED
S. S. Appanah
 Managing Director