



SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Regd. Office : 180, Gandhiji Road, Erode - 638 001.

MD	✓	BKC	✓
CS	✓	DPY	NA
RO	✓	DIV	NA
TRA	NA	AC	✓
AGM	✓	SHI	✓
YE	✓		

THIRD ANNUAL REPORT 1997 - 98

EXCELLENCE - OUR GOAL

SERVICE - OUR MOTTO

QUALITY - OUR OBSESSION

Transforming the Egg into a symbol of Indian Excellence abroad

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Registered Office : 180, Gandhiji Road, Erode - 638 001.

BOARD OF DIRECTORS

- : **Shri. SKM. MAELANANDHAN**
Chairman and Managing Director
- Shri. S.K.M. SHREE SHIVKUMAR**
Executive Director
- Dr. M. CHANDRASEKAR**
- Shri. P. SHANMUGASUNDARAM**
(TIDCO Nominee)
- Shri. M. SURENDRAN**
(IFCI Nominee upto 29.11.97)
- Shri. K. DESIKAN**
(IFCI Nominee from 29.11.97)
- Shri. S.M. VENKATACHALAPATHY**
- Dr. L.M. RAMAKRISHNAN**
- Shri. M. CHINNAYAN**
- Shri. P. KUMARASAMY**

COMPANY SECRETARY

- : **Shri. G.N. VARADARAJAN**, B.Com., F.C.S.,

MANAGEMENT EXECUTIVES

GENERAL MANAGER - OPERATIONS

- : **Shri. S. CHANDER**, M.Sc. (Food Tech).,

FINANCE MANAGER

- : **Shri. K. BALAMURALI**, B.Sc., A.C.A., A.I.C.W.A.,

AUDITORS

- : **N.C. RAJAGOPAL & CO.**,
Chartered Accountants
171 Agraharam Street
ERODE - 638 001

BANKERS

- : **STATE BANK OF INDIA**
Commercial Branch
ERODE - 638 001

REGISTERED OFFICE

- : 180 Gandhiji Road
Erode - 638 001
ERODE DISTRICT

FACTORY

- : Erode - Karur By-pass
Solangapalayam
Punjai Kilambadi Village
ERODE DISTRICT - 638 154

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**

Registered Office : 180, Gandhiji Road, Erode - 638 001.

NOTICE

Notice is hereby given that the Third Annual General Meeting of the Members of the Company will be held on Saturday the 26th September 1998, at 3.30 p.m. at Kongu Kalaiaragam, E.V.K.Sampath Nagar, Erode - 638 011 to transact the following business :

ORDINARY BUSINESS :**1. Consideration of Accounts and Reports :**

To consider and pass the following resolution as an ordinary resolution :

"RESOLVED that the Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the period ended 31st March 1998, together with the Reports of Directors and Auditors thereon be and are hereby approved".

2. Appointment of Director in the place of a retiring Director:

To consider and pass the following resolution as an ordinary resolution:

"RESOLVED that Dr. M. Chandrasekar, a director retiring at this meeting be and is hereby appointed as a director of the Company".

3. Appointment of Director in the place of a retiring Director:

To consider and pass the following resolution as an ordinary resolution:

"RESOLVED that Shri. S.M. Venkatachalapathy, a director retiring at this meeting be and is hereby appointed as a director of the Company".

4. Appointment of Auditors and fixing of their remuneration:

To consider and pass the following resolution as an ordinary resolution:

"RESOLVED that M/s. N.C. Rajagopal & Co., Erode, the retiring auditors be and are hereby appointed as auditors of the company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration to be fixed by the Board of Directors of the Company plus reimbursement of out-of-pocket expenses".

5. To consider and if thought fit, to pass the following resolution, with or without modifications, as a Special Resolution:

"RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors pursuant to provisions of Section 81(1A) and other applicable provisions in the Companies Act, 1956, to issue further equity shares of Rs.10/- each of the Company, not exceeding 11,00,000 in number, to such persons other than and including existing share holders of the company".

"FURTHER RESOLVED that the equity shares of Rs.10/- each to be issued by the Company as above shall be issued as fully paid-up shares and allotted at Rs.10/- per share or at a price to be determined as per SEBI guidelines for preferential allotment, whichever is higher".

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

"FURTHER RESOLVED that the equity shares as above shall be allotted by the directors in one or more tranches subject however that the allotment of these shares shall be completed within a period of 3 months from the date of this Annual General Meeting".

"FURTHER RESOLVED that the shares to be issued as above shall rank **pari passu** with the existing equity shares of the company in all respect except that the said shares shall rank for dividend, if any, on pro-rata basis during the year 1998-99.

NOTES :

1. A member entitled to attend and vote, is entitled to appoint one or more proxies to attend and vote instead of himself, and a proxy need not be a member.
2. Proxies, in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered Office of the company not less than 48 hours before the Meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business is annexed.
4. The Register of Members and Share Transfer Registers will remain closed from 24th September 1998 to 26th September 1998, both days inclusive.

By Order of the Board of Directors

Report Junction.com

Place : Erode

Date : 12.08.98

G.N. VARADARAJAN

Company Secretary

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**EXPLANATORY STATEMENT UNDER SEC. 173(2)
OF THE COMPANIES ACT, 1956****ITEM NO. : 5**

The final cost of the project worked out to about Rs. 41 Crores. The extra expenditure in this regard was met by finances as share application money, as under and after allotment of shares on preferential basis as per SEBI guidelines, the share-holding pattern of the allottees will vary as given below :

Name of the Applicant	Appn. Amount (In Rs.)	% of Shares held at present	% of Shares (approximately) after allotment as above
1. Shree. SKM Maeilanandhan	20,00,000	4.66	5.47
2. Smt. M. Kuttilakshimi	5,00,000	0.10	0.37
3. M/s. BELOVO S.C.	39,41,409	4.03	5.92
4. M/s. TIDCO	8,97,000	10.96	10.81
5. Selected permanent employees of SKM Group Companies (76 Persons)	35,00,000	Negligible	Negligible
TOTAL	108,38,409		

As per SEBI guidelines, the shares that are to be issued and allotted to these applicants shall be treated as Preferential Allotment and shall be priced at not less than the average of weekly high/low of closing prices quoted on the Stock Exchange where the shares of the company are most frequently traded during the last 6 months or 2 weeks preceding the relevant date, whichever is higher.

Approval of shareholders is required by a special resolution under section 81 (1A) of the Companies Act, 1956 for issue/allotment of these shares to the above applicants. The directors recommend the resolution for adoption.

Shri. SKM. Maeilanandhan, Chairman and Managing Director, is interested to the extent of the shares to be allotted to him and to Mrs. M. Kuttilakshimi as a relative and Shri. S.K.M. Shree Shivkumar, Executive Director and Dr. M. Chandrasekar, Director are interested as relatives of Shri. SKM. Maeilanandhan and Mrs. M. Kuttilakshimi.

Shri. P. Shanmugasundaram is deemed interested to the extent of shares to be allotted to M/s. Tamilnadu Industrial Development Corporation Limited, as their nominee on the Board.

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SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**DIRECTORS' REPORT**

The Directors have pleasure in presenting the Third Annual Report of the company together with the Balance Sheet as at 31st March, 1998 and the Profit and Loss A/c for the period ended 31st March, 1998.

OPERATIONS :

During the year, the company produced 504 tonnes and exported 304 tonnes valued at Rs. 4,47,31,039/-. As there was an unprecedented glut in the industry in International Market, your company could not achieve higher turnover. Low realisation of turnover is also due to excess supply of eggs over demand by some of the egg producing countries which has resulted in fall of prices in egg products by more than 20%. Added to this the economic crisis experienced in the South East Asian countries recently have upset the export prospects of many products including egg powder products and it will take a long time before market picks up in these areas.

CERTIFICATION :

The company has been approved by Export Inspection Agency (EIA) for having met the norms stipulated by European Union. The unit has already started implementing ISO 9001 systems and procedures and is confident of getting ISO 9001 accreditation by October, 1998.

FINANCIAL RESULTS :

Financial results of the company for the period 21st July 1997 to 31st March 1998 are given below :-

Particulars	As on 31.03.98 (Amount in Rs.)
Total Income	45,465,162
Total Expenditure	43,116,018
Gross Profit	2,349,144
Interest	22,477,220
Depreciation	9,633,614
Preliminary Expenses written off	412,036
Net Loss	30,173,726

3. FINANCE :

The total cost of the project has finally been worked at about Rs.41 crores. To meet the extra expenditure for implementation of the project a sum of about Rs.108 lacs has been brought-in by the promoters and their employees, foreign collaborator (M/s. BELOVO ENGINEERING S.C.) and M/s. Tamilnadu Industrial Development Corporation Limited. These contributories will be allotted equity shares of the company after obtaining approval of shareholders.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**4. DIRECTORS :**

Shri. K. Desikan has been nominated by Industrial Finance Corporation of India Limited (IFCI) as a director of the company in the place of Shri. M. Surendran effective from 29th November '97. The Directors wish to place on record the services rendered by Shri. M. Surendran as a member of the Board.

Dr. M. Chandrasekar and Shri. S.M. Venkatachalapathy, Directors retire by rotation at this Annual General Meeting and are eligible for re-appointment.

5. AUDITORS

M/s. N.C. Rajagopal & Co., Chartered Accountants, Erode retire at the ensuing Annual General Meeting and are eligible for re-appointment. Necessary certificate as required under section 224 of the Companies Act, 1956 has been received from them.

6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO :

Particulars are given in the Annexure to the Directors' Report.

7. PARTICULARS OF EMPLOYEES DRAWING RS. 3,00,000/- OR MORE PER ANNUM :

Name	Age	Designation	Gross remun. (Rs.)	Qualification	Experience (in years)	Date of Employment	Last Employer
Shri. S.K.M.Shree Shivkumar	30	Executive Director	3,96,120	B.E.,	5	26.06.96	SKM Animal Feeds & Foods (I) Ltd., Executive Director

a. The appointment is contractual.

b. Shri. SKM. Maeilanandhan and Dr. M. Chandrasekar are related to Shri. S.K.M. Shree Shivkumar.

8. STATEMENT AS PER CLAUSE 43 OF LISTING AGREEMENT :

The projected sales and profit for 1997-98 as per prospectus dt. 18.12.96 are Rs. 2427 lakhs and Rs. 97 lakhs. As against this the actuals for 1997-98 is Rs. 447.31 lakhs and net loss of Rs. 301.74 lakhs respectively. Delay in commercial production by about 4 months, coupled with unprecedented glut and fall in international price for egg products have contributed for the variation.

9. REQUIREMENT UNDER LISTING AGREEMENT :

Your company's shares are listed on the following stock exchanges and the listing fee for the financial year 1998-99 has been paid.

1. National Stock Exchange of India Ltd., Trade World, Senapati Bapat Marg, Lower Parel, MUMBAI - 400 013.
2. Coimbatore Stock Exchange Limited, Stock Exchange Building, 683-686, Trichy Road, COIMBATORE - 641 005.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

3. Madras Stock Exchange Limited, Exchange Building, Post Box No.183, 11, Second Line Beach, MADRAS - 600 001.
4. The Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400 001.

ACKNOWLEDGEMENT

The directors wish to place on record their sincere thanks for the valuable and timely assistance of The Industrial Finance Corporation of India Limited, M/s. Tamilnadu Industrial Development Corporation Limited and our Foreign Collaborator (M/s. Belovo Engineering S.C.) and shareholders for their continued support. They also thank State Bank of India for the banking facilities extended to the company. They also thank Export Inspection Agency (E.I.A.) and other Government Agencies for their continued assistance in the export operations of the company.

The Directors also wish to place on record their appreciation of the honest and untiring efforts put in by all employees of the group for successful implementation of the project and growth of the company.

By order of the Board of Directors

Place : Erode

Date : 12.08.98

SKM. MAELANANDHAN

Chairman and Managing Director



SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**A N N E X U R E****FORM OF DISCLOSURES OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

(A) POWER AND FUEL CONSUMPTION	<u>1997 - 98</u>	<u>1996 - 97</u>
(1) <u>Electricity</u>		
a. Purchased Units (kwh)	9,25,416.00	--
Total Amount (Rs.)	36,85,410.00	--
Rate/unit (Rs.)	3.98	--
b. <u>Own Generation</u>		
i. Through Diesel Generator Units (kwh)	8,68,060.00	--
Units per litre of Diesel Oil	3.33	--
Cost/Unit (Rs.)	2.80	--
ii. Through Steam Turbine/Generator		
Units	--	--
Units per litre of Fuel Oil/Gs	NA	NA
Cost/Unit	--	--
(2) Coal (Specify quality and where used)		
Quantity (Tonnes)	NA	NA
Total Cost		
Average Rate		
(3) Furnace Oil		
Quantity (Litres)	3,62,560.00	--
Total Cost	22,73,251.00	--
Average Rate (Rs.)	6.27	--
(B) CONSUMPTION PER UNIT PRODUCTION		
Product - Egg Powder (M.Tons)	504.00	--
Electricity (Rs. Per Ton)	12,135.00	--
Furnace Oil (Rs. Per Ton)	4,510.00	--
Coal	NA	--
Others	NA	--

TECHNOLOGY ABSORPTION :

The Company's personnel have been trained by the collaborators/machinery suppliers in the operation and maintenance of the plant and machinery and process techniques.

FOREIGN EXCHANGE EARNINGS AND OUTGO :

Earnings : Rs. 439.21 Lacs

Outgo : Rs. 33.42 Lacs

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