



SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Regd. Office - 80, Gandhi Road, Madurai - 625 001



FOURTH ANNUAL REPORT

1998 - 99

EXCELLENCE - OUR GOAL

QUALITY - OUR MOTTO

INTEGRITY - OUR OBSESSION

Transforming the Egg into a symbol of Indian Excellence abroad



CERTIFICATE

**The TÜV CERT Certification Body
of TÜV Management Service GmbH**

certifies in accordance
with TÜV CERT procedures that

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

has established
and applies a quality system for

**MANUFACTURE AND MARKETING OF
EGG POWDERS**

An audit was performed, Report No. **24026553**

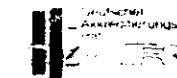
Proof has been furnished that the requirements
according to

ISO 9002 : 1994

are fulfilled. The certificate is valid until **December 2001**

Certificate Registration No. **12 100 10478**


Munich, January 29, 1999



TGA-ZM-18-96-00

TÜV

MANAGEMENT SERVICE


TUV CERT Certification Body
of TÜV Management Service GmbH
Unternehmensgruppe TÜV Sddeutschland

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

180, Gandhiji Road, Erode - 638 001

BOARD OF DIRECTORS

Shri. SKM. MAEILANANDHAN
Chairman and Managing Director

Shri. S.K.M. SHREE SHIVKUMAR
Executive Director

Dr. M. CHANDRASEKAR

Shri. P. SHANMUGASUNDARAM
TIDCO Nominee

Shri. K. DESIKAN
TIDCO Nominee till 27.01.99

Shri. M. SURENDRAN
IFCI Nominee from 27.01.99

Shri. S.M. VENKATACHALAPATHY

Dr. L.M. RAMAKRISHNA

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)

GENERAL MANAGER - FINANCE

Shri. R. MURALIDHARAN B.Com., F.C.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 to Karur by-pass,
Sengapalayam,
Punjai Keambadi Village,
ERODE DISTRICT - 638 154

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

180, Gandhiji Road, Erode - 638 001

NOTICE

Notice is hereby given that the Fourth Annual General Meeting of the Members of the Company will be held on Thursday the 23rd September 1999, at 4.00 p.m. at Kongu Kalaiaragam, E.V.K.Sampaiah 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, 1999 and the Profit and Loss Account for the year ended 31st March 1999, 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. L. M. Ramakrishnan, a director retiring at this meeting be and is hereby appointed as 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. M. Chinnayan, a director retiring at this meeting be and is hereby appointed as 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".

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. The Register of Members and Share Transfer Registers will remain closed from 21st September 1999 to 23rd September 1999, both days inclusive.

By Order of the Board of Directors

Place: Erode
Date : 24.07.1999

G.N.VARADARAJAN
Company Secretary

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

The Directors have pleasure in presenting the Fourth Annual Report of the company together with the audited Accounts of your company for the year ended 31st March 1999.

OPERATIONS :

During the year, the company produced 690 tonnes and exported 664 tonnes of egg powder valued about Rs.1073 lacs. The general glut in the world market and the continuing economic crisis in the South East Asian Countries coupled with availability of eggs at a throw away price due to surplus global production of eggs have contributed to the lesser export of egg powder and the steep fall in the realisable price therefor.

CERTIFICATION :

The company has received on 29th January 1999, the ISO 9002 certificate and is the first company in the industry in India to receive the certificate.

FINANCIAL RESULTS :

Financial results of the company for the year ended 31st March 1999 are given below :-

Particulars	Rs. in lacs	
	1998-99	1997-98 (for 8 months)
Total Income	1082.82	454.65
Total Expenditure	1123.91	431.16
Gross Profit/(Loss)	(41.09)	23.49
Interest	368.61	224.77
Depreciation	157.78	96.34
Preliminary Expenses	4.12	4.12
Net Loss	571.60	301.74

FINANCE :

- The directors wish to express their gratitude to the IFCI for their gesture in acceding to the company's requests to reduce the interest on the Rupee Term Loans to the current market rates and to fund the interest obligations upto October 1999 besides re-scheduling of the term loan and foreign currency loan repayments. This will give considerable relief to the company from the financial constraints.
- The directors are thankful to APEDA (Agricultural and Processed Food Products Export Development Authority) for sanctioning and disbursing Rs.7 lakhs as grants for purchase and installation of lab equipments and to meet expenses in connection with getting ISO 9002 certificate.
- The company has allotted 10,72,400 equity shares of Rs.10/- each at the rate of Rs.10.05 per share as approved by the shareholders at their Third Annual General Meeting.

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

Shri. M. Surendran has been nominated by The Industrial Finance Corporation of India Limited (IFCI) as a director of the company in the place Shri. K. Desikan effective from 27th January'99. The Directors wish to place on record the services rendered by Shri. K. Desikan as a member of the Board.

Dr. L. M. Ramakrishnan and Shri. M. Chinnayan, Directors, retire by rotation at this Annual General Meeting and are eligible for re-appointment.

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.

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

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

PARTICULARS OF EMPLOYEES DRAWING RS. 6,00,000/- OR MORE PER ANNUM :**STATEMENT AS PER CLAUSE 43 OF LISTING AGREEMENT :**

Against the projected sales of Rs. 33.58 lacs and profit of Rs.360 lacs in the prospectus dt: 18.12.96 for the year 1998-99, the actuals are sales of Rs.1073 lacs and loss of about Rs.570 lacs. The depressed egg powder market has adversely affected the sales of the company resulting in losses.

Y2K COMPLIANCE :

The Software redeveloped by the company are Y2K compliant, and the company is in the process of ensuring year 2000 compliant in the Hardware equipment.

ACKNOWLEDGEMENT :

The directors wish to place on record their sincere thanks to The Industrial Finance Corporation of India Limited, M/s. Tamilnadu Industrial Development Corporation Limited and our Foreign Collaborator (M/s. Belovo Engineering S.C.) for their valuable and timely assistance and to the 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 valuable and dedicated services rendered by the employees at all levels that has contributed to the good performance of the company amidst adverse conditions.

By order of the Board of Directors

Place : Erode.
Date : 24.07.1999

SKM. MAELANANDHAN
CHAIRMAN & MANAGING DIRECTOR

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**ANNEXURE****FORM OF DISCLOSURES OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

(A) POWER AND FUEL CONSUMPTION	1998-99	1997-98
(1) Electricity		
a. Purchased units (Kwh)	1189816.00	925416.00
Total Amount (Rs.)	3927847.00	3685410.00
Rate/unit (Rs.)	3.30	3.98
b. <u>Own Generation</u>		
i. Through Diesel Generator Units (Kwh)	1490987.00	868060.00
Units per litre of Diesel Oil	2.78	3.33
Cost/Unit (Rs.)	3.10	2.80
ii. Through Steam Turbine/Generator		
Units	---	---
Units per litre of Fuel Oil/Gas	NA	NA
Cost/Unit	---	---
(2) Coal (Specify quality and where used)		
Quantity (Tonnes)	NA	NA
Total Cost	---	---
Average rate (Rs.)	---	---
(3) Furnace Oil		
Quantity (Litres)	548007.00	362560.00
Total Cost	2975891.00	2273251.00
Average rate (Rs.)	5.43	6.27
(B) CONSUMPTION PER UNIT PRODUCTION		
Product – Egg Powder (M. Tons)	690.00	504.00
Electricity (Rs. Per Ton)	12384.00	12135.00
Furnace Oil (Rs. Per Ton)	4313.00	4510.00
Coal	NA	NA
Others	NA	NA

(C) 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.

(D) FOREIGN EXCHANGE EARNINGS AND OUTGO :

Earnings : Rs. 1029.44 Lacs.

Outgo : Rs. 60.25 Lacs.