



SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

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

FIFTH ANNUAL REPORT 1999 - 2000

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

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. M. SURENDRAN**
(IFCI Nominee till 31.07.2000)**Smt. SARADA N. MENON**
(IFCI Nominee from 31.07.2000)**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).,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 Main Road,
Solangapalayam,
Punjai Kilambadi Village,
ERODE DISTRICT - 638 154.

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NOTICE

Notice is hereby given that the Fifth Annual General Meeting of the Members of the Company will be held on Friday, the 29th September, 2000, at 4.30 p.m. at Kongu Kalaiaragam, E.V.K.Sampath Nagar, Erode - 638 011 to transact the following business :

1. Consideration of Accounts :

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

"RESOLVED that the Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended 31st March, 2000, 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 Shri. S.K.M. Shree Shivkumar, 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. P. Kumarasamy, 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 for 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".

By Order of the Board of Directors

Place : Erode
Date : 31.07.2000

G.N.VARADARAJAN
Company Secretary

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 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 26th September 2000 to 29th September 2000 both days inclusive.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

DIRECTORS' REPORT

The Directors have pleasure in presenting the Fifth Annual Report of the company together with the audited Accounts of your company for the year ended 31st March 2000.

OPERATIONS :

During the year, the company produced 763 tonnes and exported 795 tonnes of egg powder valued about Rs.1148 lacs.

The sluggish market conditions for Egg Powder continued to last for the whole of the year and the international prices ruled low, mainly because of over-production of Eggs and Egg Powder in US/EU countries. Added to this, the heavy duties levied by EU countries on Egg Powder imports has resulted in the Indian Egg Powder becoming costlier in these countries, adversely affecting export prospects. Against this background export of 800 tonnes Egg Powder by the Company during the year under review has to be considered satisfactory although the price realisation might not have been remunerative.

However, the prices of Egg Powder in EU have started increasing gradually and the rate difference between imported and indigenous production is narrowing. This situation has given more scope for export by other countries into EU countries. In fact, our company has restarted export to these countries during the current year. Further, when the WTO agreement comes into operation within the next about 3-4 years, there will be decrease in both the import duties levied and subsidies enjoyed by US/EU countries and quantitative restrictions on imports will be phased out. The net effect of all these steps will help the price of Indian Egg Powder becoming competitive, with prospects of increased exports. Considering these factors, the Directors are confident that the opportunity for our Company, which has been recognised for its quality and hygienic manufacturing practices, to capture a good portion in the international market is very bright.

During the current year, the Company has so far exported powder worth Rs.460 Lacs and the turnover for the current year will be more than Rs.1500 Lacs.

The Egg Powder manufacturers in India have formed Indian Egg Processors Association and have represented to the Central Government regarding the difficulties faced by the industry and have requested for a subsidy of Rs.25/- per kg of Egg Powder exported. The outcome of this representation is awaited.

CERTIFICATION :

The company which has already received ISO 9002 has been awarded the International accreditation for Hazard Analysis Critical Control Point (HACCP) in the name and style of SQF (Safe Quality Foods) 2000^{CM} which has enhanced the reputation of the company in the international market. In all probability, HACCP will be a "MUST" in the near future for export of Egg powder to European Union (EU).

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**FINANCIAL RESULTS :**

Financial results of the company for the year ended 31st March 2000 are given below :-

Rs. in lacs

Particulars	1999-2000	1998-99
Total Income	1157.36	1082.82
Total Expenditure	1048.56	1123.91
Gross Profit/(Loss)	108.80	(41.09)
Interest	445.22	368.61
Depreciation	164.44	157.78
Preliminary Expenses	4.12	4.12
Excess Provision written back	(23.06)	---
Net Loss	481.92	571.60

FINANCE :

The shareholders may observe that the company has earned gross profit of Rs.90 Lacs during the last three years and the accumulated losses of Rs.13.55 Crores is mainly on account of interest of Rs.9.06 Crores and depreciation of Rs.4.20 Crores. Against this background, with a view to relieve the company of the heavy interest burden, the Board of Directors are contemplating certain steps like waiver of interest already charged by IFCl, conversion of part of loans as equity and rephasing repayment of balance of loans on easy terms. Besides, the Board of Directors are also considering means for mobilisation of additional funds either by equity or cheaper loans for effecting a financial restructuring package for improving the net worth of the Company. For identifying the investors and procuring the funds, the services of M/s. Pricewaterhouse Coopers Limited has been engaged. Once this materialises, there will be considerable reduction of the accumulated losses and improvement of the net-worth position. Further, by effecting reduction in interest charges, there will be appreciable improvement in the future working results.

DIRECTORS :

Smt. Sarada N. Menon has been nominated by IFCl Ltd., as a director of the company in the place of Shri. M. Surendran, effective from 31st July, 2000. The Directors wish to place on record the services rendered by Shri. M. Surendran as a member of the Board.

Shri. S.K.M. Shree Shivkumar and Shri. P. Kumarasamy, 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.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**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 :

NIL

Y2K COMPLIANCE :

As all the systems of the Company are Y2K compliant since installation itself, the Company has not incurred any expenditure towards this.

ACKNOWLEDGEMENT :

The directors wish to place on record their sincere thanks to IFCI Limited, M/s. Tamilnadu Industrial Development Corporation Limited and our Foreign Collaborator (M/s. Belovo Engineering S.C.) for their valuable 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.

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By order of the Board of Directors

Place : Erode.
Date : 31.07.2000

SKM. MAEILANANDHAN
CHAIRMAN & MANAGING DIRECTOR