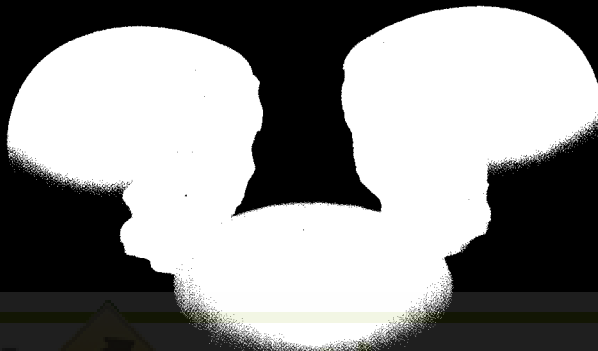


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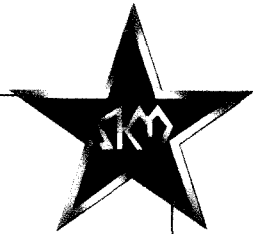
**EIGHTH ANNUAL REPORT
2002 - 2003.**

Eggs for your convenience

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

Regd. Office: 156, Gandhiji Road, Erode - 638 001.

- ☐ Excellence - Our Goal
- ☐ Service - Our Motto
- ☐ Quality - Our Obsession



Certificate of merit from
APEDA for the year 1999 - 2000
for quality and export promotion.



Silver Trophy Award from
APEDA for the year 2000 - 2001
for quality and export promotion.

Silver Trophy Award from
APEDA for the year 2001 - 2002
for quality and export promotion.



SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

156, 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. S.M. VENKATACHALAPATHY
	:	Dr. L.M. RAMAKRISHNAN
	:	Shri. M. CHINNAYAN
	:	Shri. P. KUMARASAMY

MANAGEMENT EXECUTIVES

GENERAL MANAGER - FINANCE	:	Shri. R. MURALIDHARAN B.Com., F.C.A.,
GENERAL MANAGER - OPERATIONS	:	Shri. S. HARIHARAN B.Sc., B.Tech., (Food Tech.,)

AUDITORS	:	N.C. RAJAGOPAL & CO., Chartered Accountants, 199, Agraharam Street, ERODE - 638 001.
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BANKERS	:	STATE BANK OF INDIA Commercial Branch, ERODE - 638 003.
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REGISTERED OFFICE	:	156, Gandhiji Road, Erode - 638 001. ERODE DISTRICT.
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FACTORY	:	Erode to Karur Main Road, Cholangapalayam, Punjai Kilambadi Village, ERODE DISTRICT - 638 154.
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SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

156, Gandhiji Road, Erode - 638 001

NOTICE TO MEMBERS

Notice is hereby given that the Eighth Annual General Meeting of the Members of the Company will be held on Friday, the 19th day of September 2003 at 4.00 p.m at Kongu Kalaiaragam, E.V.K. Sampath Nagar, Erode - 638 011 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the following :

- a) The audited Profit and Loss Account for the year ended 31st March, 2003.
 - b) The audited Balance Sheet as at 31st March, 2003 and
 - c) The reports of the Directors and Auditors.
2. To appoint a Director in the place of Shri. S.K.M. Shree Shivkumar, who retires by rotation and being eligible, offered himself for re-appointment.
 3. To appoint a Director in the place of Shri. P. Kumarasamy, who retires by rotation and being eligible, offered himself for re-appointment.
 4. To appoint Auditors and to fix their remuneration.

By Order of the Board

Place : Erode

Date : 31.07.2003

S.K.M. SHREE SHIVKUMAR
EXECUTIVE DIRECTOR

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

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 the 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 17th September 2003 to 19th September 2003 (both days inclusive).
4. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956, in respect of Special Business is annexed.
5. The amended provisions of the Companies Act, 1956, provide for Nomination facility to Members. Members are requested to write to the Registered Office of the Company and or Registrar and Share Transfer Agent M/s. Integrated Enterprises (India) Limited, 2nd Floor, Kences Towers, No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai - 600 017 for more information, if any needed on Nomination facility and/or to get a Nomination Form.
6. For Dematerialisation of Equity Shares, the Company has entered into a tripartite agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's Equity Shares have been included in the list in which trading is compulsory for all the investors in dematerialised form, along with other scrips, from January, 29, 2001. So far, more than 28% of total number of Shares, in the Equity Capital of the Company, have been dematerialised. In view of the advantages of the Depository System and for easy trading of the shares, Members are requested to opt for Dematerialisation of the shares of the Company through any of the Depository Participants of their choice.
7. Members holding shares in DEMAT form are requested to incorporate the Client ID Number in the Attendance Slip/Proxy Form, for easy identification of attendance at the meeting.

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

To the Members,

Your Directors have pleasure in presenting the Eighth Annual Report together with Management Analysis of the Company's operations for the year ended 31st March 2003.

FINANCIAL RESULTS :

The Summarised financial results are :

(Rs. in lacs)

DESCRIPTION	2002-2003	2001-2002
Net Sales	4,593.60	4,329.62
Profit Before Interest and Depreciation	806.47	629.15
Less : Interest	126.36	74.54
Depreciation	172.90	171.25
Profit before tax	507.21	383.36
Less : Provision for Taxation	4.83	--
Profit after tax	502.37	383.36
Balance in Profit and Loss Account	357.79	(144.58)

BUSINESS OPERATIONS :

Revenue of SKM Egg Products Export (India) Limited ("the Company") are generated principally from sale of Whole Egg Powder, Egg Yolk Powder and Egg Albumen Powder.

REVIEW OF OPERATIONS :

During the year, the Company has achieved a production of 2,632 Metric Tonnes which is highest achieved by the Company so far. The gross turnover was Rs.4,593.60 lacs for the year 2002-2003, as compared to Rs. 4,329.62 lacs during the previous year. The turnover achieved, during the year, the highest so far, was higher by 6.10% compared to previous year.

The gross profit before interest, depreciation and taxes was Rs.806.47 lacs as compared to Rs.629.15 in the previous year. After absorbing interest / financing charges and depreciation of Rs. 126.36 and Rs. 172.90 respectively, the profit before tax is Rs.507.21 as compared to Rs.383.36 lacs in the previous year.

Your Directors consider the performance of the Company for the year 2002-2003 was very good and that it has achieved excellent performance in all front. During the year, the Company has produced 2,632 Metric Tonnes and sold 2,608 Metric Tonnes of egg powder representing an increase of 4.11% in volume and 6.10% in value, compared with previous year's figure.

OUTLOOK FOR CURRENT YEAR AND OPPORTUNITIES CHALLENGES, RISKS AND CONCERNS :

Your Company could grasp the opportunities through focusing on creation of new business besides consolidating the existing market share, in synergy with the current line of business, through product and market extensions, continuous improvement in the quality of the products, cost control and cost reduction initiatives.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Your Company has to face the situation arising out of stringent health policies such as Nitrofurane detected in European Union, stiff competition, uncertain customers' schedules, aggressive pricing strategy of competitors and related factors. The trend is expected to be very tough and will remain extremely price competitive in view of appreciation of Indian rupee against dollar. In addition to the above factors, the drought situation in some part of the country is also a cause for concern.

Your directors well aware of the fact that adaptability to the degree of change and instant reacting to such changes in a fast changing world is crucial for survival of business. Your Company, with a renewed focus on latest technologies and quality to meet international standards apart from cost control and cost reduction are well prepared to face these challenges.

DIVIDEND :

Your directors do not recommend any dividend for the year 2002 - 2003 in view of the OTS (One Time Settlement) agreement entered into with IFCI Limited and financial position of the Company.

PERSONNEL : Labour relations remained cordial throughout the year under review.

CAPITAL INVESTMENT :

During the year, the Company has incurred capital expenditure to the tune of Rs. 70.35 lacs with a view to control and reduce cost of production.

FINANCE :

The Company has earned a net profit before tax of Rs.507.21 lacs during the year 2002-2003. The Shareholders may note that Company has been paying OTS instalments regularly to IFCI Ltd. During year 2002-2003, Rs. 775.28 lacs has paid and during the current year i.e., upto 15th July, 2003, Rs. 387.66 lacs has been paid. Out of the OTS amount of Rs.2,584.50 lacs, Rs.2,390.66 lacs (92.50%) has been repaid.

During the year under review, your Company has availed an amount of Rs. 700 lacs from State Bank of India as Corporate Loan for improvement of net worth and enhancement of working capital facilities from Rs.865 lacs to Rs.1,065 lacs.

DIRECTORS :

Shri. S.K.M. Shree Shivkumar and Shri. P. Kumarasamy Directors retire at the ensuing Annual General Meeting and have given their consent for re-appointment.

Mrs. Sarada N. Menon who was on the Board of the Company since 31.07.2000 as a nominee of IFCI Ltd. has been withdrawn by IFCI Ltd w.e.f. 20.01.2003. Your directors put on record their appreciation for the valuable advice and guidance extended by her during the tenure as director on the Board of the Company.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY :

Planned periodic reviews are carried out resulting in identification of control deficiencies and formulation of time bound action plans to improve efficiency. The adequacy of the internal control systems are reviewed by the Audit Committee of the Board of Directors. This supplemented with the existing periodical management reviews as well as ISO 9001 : 2000 Audit System, will enable the Company to improve its monitoring systems at all levels.

QUALITY CERTIFICATION :

a) ISO 9001 : 2000

The company's system and procedures have been certified for compliance with ISO 9001 : 2000 procedures by TUV Bayern of Germany. The system was updated up to the revised requirements of the 2000 version. The system is certified by TUV Suddeuschland and is valid until December 2004.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**b) SQF - 2000**

Also understanding the importance of food safety, the Company has established yet another quality system in the name of Safe Quality Foods (SQF) 2000, which incorporates, Hazard Analysis Critical Control Point (HACCP), Good Manufacturing Practices (GMP) and Sanitation Standard Operating Procedure (SSOP) developed by Department of Agriculture, Western Australia. The successful implementation of the process was audited and certified by SGS International Certification Services Pty Ltd and is valid till 28.03.2006.

c) Total Quality Management (TQM)

Total Quality Management System is being implemented by the Company in all its activities.

AWARDS :

The Company was awarded a certificate of merit for its best export performance in Egg Powder by Agricultural and Processed Food Products Export Development Authority (APEDA) for the year 1999-2000. Further, the Company was awarded 'Silver Trophy Award' for the consecutive two years 2000-2001 and 2001-2002 for its best export performance.

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 and consent for their re-appointment have been received from them.

REPORT ON CORPORATE GOVERNANCE :

A detailed Report on Corporate Governance is annexed to this report. The Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the listing agreement. The certificate from the auditors of the Company confirming compliance of Corporate Governance requirements is annexed to this report.

STATUTORY INFORMATION :

Information required to be furnished under the Companies Act, 1956 and the listing agreements are given in the annexure to this report.

ACKNOWLEDGEMENT :

Your directors wish to thank the Company's Bankers viz. State Bank of India, IFCI Ltd, customers and suppliers for their unstinted support and co-operation. Your directors also wish to express their sense of thankfulness to the promoter Company, M/s. SKM Animal Feeds and Foods (India) Limited for their uninterrupted supply of quality raw materials.

Your directors wish to place on record their deep sense of appreciation for the tremendous confidence reposed by the shareholders in the Company.

Your directors also wish to thank the employees at all levels for their excellent support and contribution made by them towards achieving these results despite severe constraints.

By Order of the Board

Place : Erode

Date : 31.07.2003

SKM. MAELANANDHAN
CHAIRMAN AND MANAGING DIRECTOR

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

ADDENDUM TO THE DIRECTORS' REPORT

Your auditors have qualified their report with regard to non-compliance of Accounting Standard 22 dealing with "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India, New Delhi, for which your directors are of the view that because of the fact that your Company did not have sufficient / positive reserves and surplus in the books of accounts so as to absorb the deferred tax liability arising on account of timing difference of depreciation upto 31st March 2002 which was mainly due to the fact that availability of benefit under section 10B of the Income Tax Act, 1961 to carry forward the loss arising after the Assessment Year 2001-2002 which was confirmed on your Company by the amendment in the Finance Act, 2003, your directors are of the view that it would be prudent to recognize the deferred tax liability when there is taxable income under the Income Tax Act, 1961.

By Order of the Board

Place : Erode

Date : 31.07.2003

SKM. MAEILANANDHAN

CHAIRMAN AND MANAGING DIRECTOR



SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

ANNEXURES TO DIRECTORS' REPORT

ANNEXURE-I. STATUTORY INFORMATION :

FIXED DEPOSITS :

The Company has not accepted deposits from the public during the year under review.

LISTING :

The Equity Shares of the Company have been listed in Coimbatore, Madras, Mumbai and National Stock Exchanges. Listing fees payable till 31.03.2003, has been duly paid to all the Stock Exchanges.

DIRECTORS' RESPONSIBILITY STATEMENT :

The directors confirm that :

1. In the preparation of Annual Accounts, the applicable Accounting Standards except AS 22 have been followed and that there were no material departures.
2. The Accounting Policies selected by them have been applied consistently, judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2003 and of the profit of the Company for the year ended on that date.
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The accounts have been prepared on a going concern basis.

CONSERVATION OF ENERGY :

Conservation of Energy continues to receive increased emphasis in all areas of the Company. Energy audits are being carried out on a regular basis for taking steps for reduction of the energy consumption. Particulars relating to the energy conservation is annexed in Form - A.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

TECHNOLOGY ABSORPTION :

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

Research and Development :

Research and Development activities are carried out on an ongoing basis for improving the efficiency and also for improving quality of Egg Powder. No separate expenditure was incurred for Research and Development.