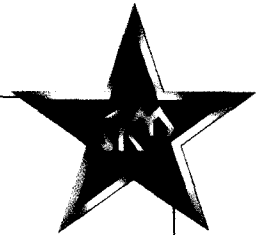


Eggs for your convenience

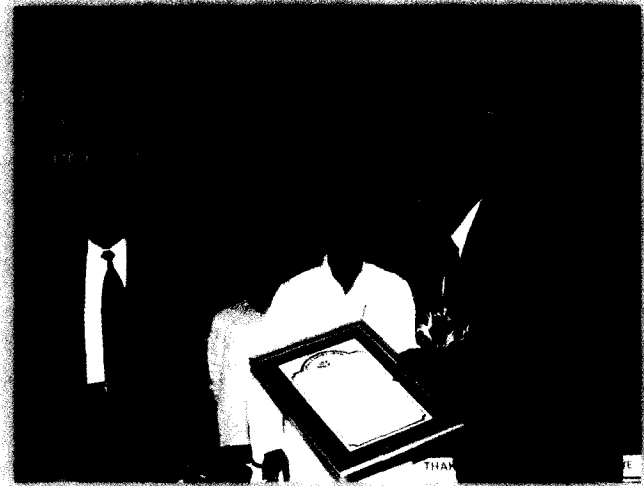
**SKM EGG PRODUCTS
EXPORT (INDIA) LIMITED**

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

- ☐ Excellence - Our Goal
- ☐ Service - Our Motto
- ☐ Quality - Our Obsession
- ☐ Integrity - Our Life Line



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.

Silver Trophy Award from
APEDA for the year 2002 - 2003
for quality and export promotion.



SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

156, 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. 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.**BANKERS**: **STATE BANK OF INDIA**
Commercial Branch,
ERODE - 638 003.**REGISTERED OFFICE**: 156, Gandhiji Road,
Erode - 638 001.
ERODE DISTRICT.**FACTORY**Erode to Karur Main Road,
Cholangapalayam,
Punjai Kilambadi Village,
ERODE DISTRICT - 638 154.

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 Ninth Annual General Meeting of the Members of the Company will be held on Friday, the 3rd day of September 2004 at 4.00 p.m at Kongu Kalaiaramam, 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, 2004.
 - b) The audited Balance Sheet as at 31st March, 2004 and
 - c) The reports of the Directors and Auditors thereon.
2. To declare a dividend for the 2003 - 04.
3. To appoint a Director in the place of Dr.M.Chandrasekar, who retires by rotation, being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Shri. S.M.Venkatachalapathy, who retires by rotation, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.
6. To consider and if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution :

RESOLVED that pursuant to the provisions of Sections 198,309,310,311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, as amended from time to time, the remuneration , benefits and amenities payable to Shri. S.K.M. Shree Shivkumar, Executive Director of the Company be and is hereby revised as under with effect from 1st April, 2004 until the expiry of his present term of appointment i.e. until 25th June, 2006 as recommended by the Remuneration Committee:

1. Salary Rs.1,00,000/- per month.
2. House Rent Allowance: 20% of the salary (i.e. Rs. 20,000/-)
3. Other perquisites:
 - (a) The expenditure incurred by the Executive Director on gas, electricity, water and furnishings shall be reimbursed by the Company, subject to 10% of the Salary;
 - (b) All medical expenses, incurred by the Executive Director for self and his family shall be reimbursed;
 - (c) Leave Travel Concession for the Executive Director and his family will be allowed as per the rules of the Company;
 - (d) Fees of clubs subject to a maximum of two clubs; this will not include admission and life membership fees;

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

- (e) Personal Accident Insurance, the premium of which shall not exceed Rs.10,000/- per annum;
- (f) Contribution to Provident Fund, Superannuation Fund as per the rules of the Company;
- (g) Gratuity as per the provisions of the Payment of Gratuity Act or as per the Gratuity Scheme of the Company whichever is higher.
- (h) Provision of car with a driver for use in Company's business and telephone at the residence.
- (i) Leave unavailed will be allowed to be encashed as per the rules of the Company.

Minimum Remuneration :

The above appointee shall be paid the same remuneration as stated above as minimum remuneration, in the event of absence or inadequacy of profit subject to the ceiling on minimum remuneration as stated in Section II, Part II of Schedule XIII of the Companies Act, 1956 with such modifications as may be made therein from time to time.

By Order of the Board

Place : Erode

Date : 29.07.2004

S.K.M. SHREE SHIVKUMAR
EXECUTIVE DIRECTOR

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 1st September 2004 to 3rd September 2004 (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 or to Registrar and Share Transfer Agent M/s. S.K.D.C. Consultants Limited, P.B.No.2979, No. 11, Seth Narayandoss Layout, Street No.1, (West Power House Road), Tatabad, Coimbatore - 641 012 for more information, if any, needed on Nomination facility and/ or to get a Nomination Form.*
6. *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 30% 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 and DP ID Number in the Attendance Slip/Proxy Form, for easy identification of attendance at the meeting.*
8. *Members who are holding shares under more than one folio may approach the company or its Registrar and Transfer Agent for consolidation.*

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

9. *Members are requested to intimate immediately change of address, if any, to the Company/Registrars and Share Transfer Agents quoting reference of the Registered Folio No.*
10. *Please encash your dividend warrants immediately on their receipt by you, as dividends remaining unclaimed for seven years are now required to be transferred to the "Investor Education and Protection Fund" established by the Central Government and you shall not be able to claim any unpaid dividend from the said fund or from the company thereafter.*
11. *Particulars about the directors proposed for re-appointment as per clause 49 (vi) (A) of the Listing Agreement are given below :*

Name and Qualification	Experience	Other directorships in public limited company and members in committees
Dr. M.Chandrasekar, B.V.Sc., M.S (USA) D.F.T (Netherlands)	Executive Director SKM Animal Feeds and Foods (India) Ltd., for 8 years	SKM Animal Feeds and Foods (India) Limited, Nanjaiuthukuli.
Shri. S.M. Venkatachalapathy, B.Com.,B.L.,	Senior Advocate	Nil

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 :**Item No 6:**

The re-appointment of Shri. S.K.M. Shree Shivkumar as Executive Director was approved by the members of the company at the Sixth Annual General Meeting held on 27/09/2001 at a salary in the scale of Rs. 40,000-4,000-56,000/- plus HRA (50% of salary) with perquisites and other benefits for a period of 5 years from 26-06-2001. Now it has been decided by the board of directors and enhance the salary to Rs. 1,00,000 plus (HRA 20% of salary) per month and other perquisites as per the proposed resolution mentioned in the notice, with effect from 01-04-2004 to the remaining tenor of appointment as envisaged earlier in view of the substantial and significant contribution made by Shri. S.K.M. Shree Shivkumar, Executive Director for the development of the company and keeping in view of the multifarious operations and the responsibility thereon handled efficiently, the board felt that his remuneration and perquisites including other benefits, be revised upwardly and thought his vast experience in the industry would benefit the company at large to achieve new goals, members are requested to approve the increase in the remuneration and perks to the Executive Director with effect from 01-04-2004.

The payment of increased remuneration which is in conformity with schedule XIII of the Companies Act, 1956 have been recommended by the Remuneration Committee and the Board of Directors.

The board recommends this resolution set out in Item no 6 for the approval of the members.

None of the directors except the incumbent, his relatives Shri. SKM. Maeilanandhan and Dr. M. Chandrasekar are interested or concerned in this resolution.

This may be treated as an abstract of variation pursuant to Section 302 of the Companies Act, 1956.

By order of the Board

Place : Erode

Date : 29.07.2004

S.K.M. SHREE SHIVKUMAR
EXECUTIVE DIRECTOR

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

To the Members,

Your Directors have pleasure in presenting the Ninth Annual Report together with Management Analysis of the Company's operations for the year ended 31st March 2004.

FINANCIAL RESULTS :

The Summarised financial results are :

(Rs. in lacs)

DESCRIPTION	2003-2004	2002-2003
Net Sales	5,117.48	4,593.60
Profit Before Interest and Depreciation	801.74	806.47
Less : Interest	238.24	126.36
Depreciation	175.96	172.90
Profit before tax	387.53	507.21
Less : Provision for Taxation	6.00	4.84
Profit after tax and available for appropriation	381.53	502.37
Less : Appropriations :		
Proposed dividend	184.31	--
Corporate dividend tax	24.08	--
Balance carried to Balance Sheet	173.15	502.37

DIVIDEND :

Your directors feel immensely glad to recommend a maiden dividend of 7% on the paid-up capital of company for the year 2003-04.

FINANCE :

Your directors wish to state that your company has fully repaid the OTS instalments of Rs.2,584.50 lacs to IFCL Ltd.

During the year under review, your Company has availed an enhancement of working capital facilities from Rs.1,065 lacs to Rs.1,930 lacs, from State Bank of India, Commercial Branch, Erode - 638 003.

INDUSTRY STRUCTURE AND DEVELOPMENT :

For the year ended 31st March 2004, all segments of the poultry and egg powder industry has been an eventful. In the first half of the last decade, the Indian Economy has been opened up to the world, which resulted to Indian Industry, realising the competitiveness with quality as a theme is the watchword to be in the international market.

REVIEW OF OPERATIONS :

The Company has achieved a total turnover of Rs.5,117.48 lacs for the year 2003-2004, as against Rs.4,593.60 lacs for the year 2002-2003. The percentage of increase over the previous year is 11.40% which is the highest so far.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

The gross profit before interest, depreciation and taxes is Rs.801.74 lacs for the year 2003-2004 as against Rs.806.47lacs for the year 2002-2003. After absorbing interest and financing charges and depreciation of Rs. 238.24 lacs and Rs.175.96 lacs respectively, the profit before tax is Rs.387.53 lacs as against Rs.507.21 lacs earned during the year 2002-2003. Even though your company has achieved an increased turnover over the previous year, the proportionate profit could not be realised due to increase in the manufacturing expenses, financing charges and Nitrofurran issues.

Your Directors consider the performance of the Company for the year 2003-2004 is very good as compared to over all performance of the industry.

OUTLOOK FOR CURRENT YEAR :

The trend in the export of egg products is encouraging and the company will continue to pursue its efforts to increase its export turnover during the current year. The company has been investing funds in capital assets to improve the quality of the products and quality control equipments.

Order flow from international customers being very comfortable, armed with unparallel manufacturing and quality control facilities, strong and increasing customer preference and with the reduced supply periods to cater the emergency requirements, the prospects for the financial year 2004-2005 appears to be bright and promising.

Business Process Outsourcing :

Your directors wish to state that your company has entered into an agreement with Indo-Dutch Protiens Limited, an egg processing unit located in Hydrabad to enable your company to meet its excess orders over and above the capacity of the company's plant.

OPPORTUNITIES, CHALLENGES, RISKS AND CONCERNS :

The International Market for egg products is conducive for good export growth of Indian Egg Powder. Your Company being the leader in Indian egg powder industry is expected to grow aggressively.

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.

In view of the increase in the inputs, stiff competition from other manufacturers, stringent quality requirements in the EU countries, USA, quality conscious of the customers at competitive prices with shorter delivery schedule, the industry has been facing challenge in general and for the company in specific which would be overcome by concentrating on the quality production and adhering to cost reduction and control techniques.

Further despite the challenges, your directors are confident of achieving excellent performance in the current year 2004-2005, with high productivity, technology adaptation and quality product and market mix.

The company has a well established technical force specialised in qualitative products, value engineering and capable of adapting new technology. With this added comfort enjoyed by your company, the company is confident of not only meeting the challenges but also converting the adversities into opportunities.

DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATION:

The Company's HR activities are focused on building talent for future. Several programmes are being conducted to tap and improve the talents of the employees at all levels. During the year under review, the company continued to have cordial and harmonious relationship with its employees and workers.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

CAPITAL INVESTMENT :

During the year, the Company has incurred capital expenditure to the tune of Rs. 10.98 lacs with a view to control and reduce cost of production and improve the efficiency.

DIRECTORS :

Dr.M. Chandrasekar and Shri.S.M.Venkatachalapathy Directors retire at the ensuing Annual General Meeting and have given their consent for re-appointment.

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 Audit Committee of the Board of Directors reviews the adequacy of the internal control systems. 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. Internal control systems are designed to provide adequate financial and accounting control and implement accounting standards. Your company has planned to implement ERP to ensure further control.

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 Sddeutschland and is valid until December 2004.

b) SQF - 2000

Also understanding the importance of food safety, your 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 :

Your 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, your Company was awarded 'Silver Trophy Award' for the consecutive three years 2000-2001, 2001-2002 and 2002-2003 for its best export performance.

Your company was also awarded Best Exporter Award for consecutive two years 2002-2003 and 2003-2004 for the highest export through Tuticorin Port, by the Indian Chamber of Commerce and Industry, Tuticorin.

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.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

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.

CHANGE IN REGISTRARS AND SHARE TRANSFER AGENT:

Your directors wish to state that with effect from 01.06.2004, the work relating to share transfers has been transferred to M/s. S.K.D.C. Consultants Ltd., No.11, Street No. 1, Seth Narayandoss Layout, (West Power House Road), Tatabad, Coimbatore - 641 012, a SEBI recognised Registrar and Transfer Agent, from M/s. Integrated Enterprises (India) Limited, Chennai.

ACKNOWLEDGEMENT :

Your directors wish to thank the Company's Bankers viz. State Bank of India, Commercial Branch, Erode customers and suppliers for their unstinted support and co-operation.

Your directors wish to thank the Company's Foreign Collaborator M/s. Belovo Engineering S.C, Belgium for their marketing and technical support.

Your directors wish to place on record their deep sense of appreciation for the tremendous confidence reposed by the shareholders on 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 : 29.07.2004

SKM. MAEILANANDHAN
CHAIRMAN AND MANAGING DIRECTOR