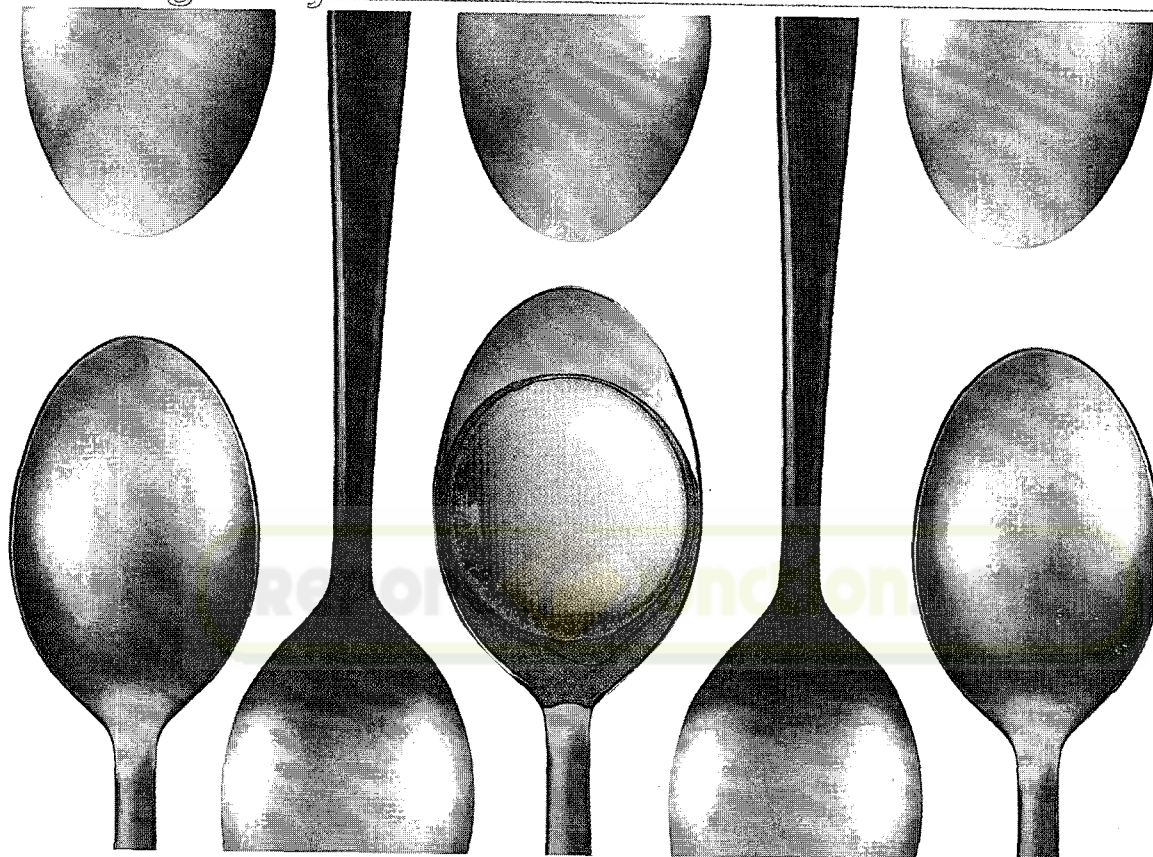


Thinking beyond



TWELFTH ANNUAL REPORT 2006 - 2007

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



SKM EGG PRODUCTS

THINKING OUT OF THE SHELL

Tel: +91 424 23 51 532-34
Fax: +91 424 23 51 530-31
E-mail: finance@skmegg.com

156, Gandhiji Road, Erode
Tamilnadu, India. Pin: 638001
Website: www.skmegg.com

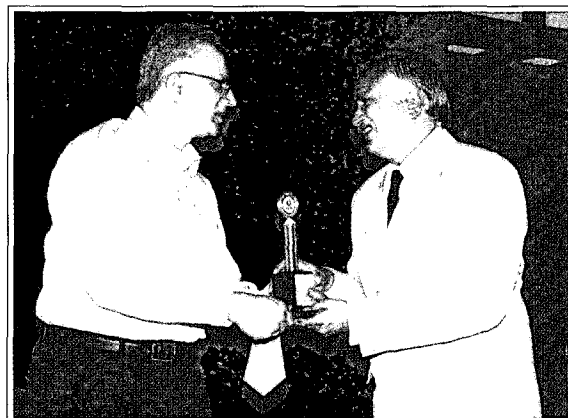
Silver Award from Frost & Sullivan

The award acknowledge the best facilities in India that have achieved and sustained manufacturing excellence



Silver Trophy Award from APEDA
for the year 2005-2006
for quality and export promotion.

Export Excellence Award
from MEPZ for the year 2005-2006



SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

156, Gandhiji Road, Erode - 638 001

BOARD OF DIRECTORS

- : **Shri. SKM. MAELANANDHAN**
Executive Chairman
- : **Shri. SKM. SHREE SHIVKUMAR**
Managing Director
- : **Dr. M. CHANDRASEKAR**
- : **Shri. B. RAMAKRISHNAN**
(TIDCO Nominee)
- : **Shri. S.M. VENKATACHALAPATHY**
- : **Dr. L.M. RAMAKRISHNAN**
- : **Shri. M. CHINNAYAN**
- : **Shri. P.KUMARASAMY**

MANAGEMENT EXECUTIVES

GENERAL MANAGER - FINANCE : **Shri. V. JAGADEESAN**, B.Sc., A.C.A., A.I.C.W.A., A.C.S.
& COMPANY SECRETARY

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 Twelfth Annual General Meeting of the Members of the Company will be held on - Tuesday the 11th day of September 2007 at 4.00 p.m at Kongu Kalaiarangam, E.V.K.Sampath Nagar, Erode – 638 011 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt :
 - a. The audited Profit and Loss Account for the year ended 31st March 2007.
 - b. The audited Balance Sheet as at 31st March, 2007.
 - c. The Directors' and Auditors' Report thereon.
2. To declare a dividend for the year 2006-2007. The Directors recommended dividend of 5% on the equity shares for the accounting year 2006-2007.
3. To appoint a Director in the place of Dr.M.Chandrasekar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Shri S.M.Venkatachalapathy, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring Auditors M/s N.C.Rajagopal & Co., Chartered Accountants are eligible for re-appointment and confirmed their willingness to accept the office, if re-appointed.

SPECIAL BUSINESS:

6. To consider and if thought fit to pass the following resolution with or without modification(s) as an ordinary resolution:

“RESOLVED THAT pursuant to Section 309 read with Section 198 and Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 , consent of the company be and is hereby accorded to the payment of remuneration, perquisites and benefits as detailed below to Shri SKM. Maeilanandhan, Executive Chairman , with effect from 1st January 2007.

- i. Basic Pay Rs.1,90,000/- per month
- ii. House Rent Allowance at 20% of the Basic Pay.
- iii. Reimbursement of Medical Expenses for self and family.
- iv. Reimbursement of expenditure incurred towards (not exceeding 10% of the Basic Pay) gas, electricity, water and furnishing.
- v. Payment of club fees, other than admission and life membership fees, subject to a maximum of two clubs.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

- vi. Personal Accident Insurance Premium up to Rs. 10,000/- per annum.
- vii. Leave Travel Concession for self and family members according to the rules of the Company.
- viii. Shri SKM. Maeilanandhan shall be eligible to the following perquisites, which shall not be included in the computation of remuneration specified above.
 - a. Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
 - c. Encashment of Leave at the end of the tenure.
- ix. The Company shall provide a car for official use on Company's business and telephone at the residence of Shri SKM. Maeilanandhan.

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any year, the above remuneration, perquisites and benefits be paid to Shri SKM. Maeilanandhan as minimum remuneration subject to the provisions of Section II(A) of Part II of Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7.. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to sub section (1)(d) of Section 293 of the Companies Act, 1956 and Article 113 A (xxiv) of the Article of Association of the Company and other enabling provisions, if any, the consent of the Company be and is hereby accorded to the Board of Directors to their borrowing for and on behalf of the Company monies from time to time and without prejudice to the generality thereof by way of loans, advances, credits, acceptance of deposits, banking, financial facilities, bonds or otherwise from any bank or banks or any financial institution(s) or other person or persons situated in India or abroad and whether the same be secured or unsecured and if secured, whether by way of mortgagee, charge, hypothecation, pledge or otherwise in any way whatsoever on, over, or in respect of all or any of the Company's asset, effects and properties notwithstanding that the monies so borrowed by the Company, together with the monies already borrowed by the Company (apart from temporary loans obtained/ to be obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital and its free reserves, that is to say, reserves not set apart for any specific purpose provided such excess amount so borrowed by the Board and outstanding shall not at any time exceed the limit of Rs 100 crores (Rupees one hundred crores only).

By order of the Board

Place: Erode
Date : 30.07.2007

V. JAGADEESAN.
GENERAL MANAGER - FINANCE
& COMPANY SECRETARY

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Notes:

1. A Member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company. The instrument appointing the proxy duly completed shall be deposited at the Registered Office at 156 - Gandhiji Road, Erode -638001 not later than 48 hours before the scheduled time of the meeting.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business as set out above is annexed hereto.
3. The Register of Members and Share Transfer Books will remain closed from 07.09.2007 to 11.09.2007 (both days inclusive) for the purpose of payment of dividend, if any, approved by the Members.
4. Consequent upon introduction of Sec 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them. Shareholders desirous of making nominations are requested to send their request in FORM 2B to the Registrar and Transfer Agents, M/s S.K.D.C Consultants Ltd., P.B.NO: 2979, No.11, Seth Narayandoss Layout, Street No.1, (West Power House Road), Tatabad, Coimbatore-641012.
5. Members holding shares in DEMAT form are requested to incorporate Client ID Number and DPID Number in the attendance slip/proxy form for easy identification.
6. All documents referred to in the accompanying Notice and Explanatory Statement are available for inspection at the Registered Office of the Company on all working days between 11.00 a.m and 2.00 p.m up to the date of the Annual General Meeting.
7. Pursuant to the provisions of Section 205A read with Section 205C of the Companies Act, 1956, as amended, any dividend which remains unpaid/unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed dividend warrant(s) so far for the Financial year ended 31st March 2004, 31st March 2005, and 31st March, 2006 are requested to approach the company for obtaining payments thereof.
8. Members are requested to notify any change in their address, mandate etc to:
 - (i) the Company's Registrar and Transfer Agents, M/s S.K.D.C Consultants Ltd., P.B.NO: 2979, No.11, Seth Narayandoss Layout, Street No.1, (West Power House Road), Tatabad, Coimbatore-641012 in respect of shares held in physical form.
 - (ii) their Depository Participants (DPs) in respect of shares held in dematerialized form.
9. Brief particulars of Directors proposed for re-appointment of Directors are given in **REPORT ON CORPORATE GOVERNANCE**.
10. In accordance with the amended clause 32 of the listing agreement the company herewith attached Balance sheet, profit and loss account and Auditors Report. Complete and full Annual Report shall be sent to those shareholders from whom written request is received for the detailed Annual Report.

By order of the Board

Place: Erode
Date : 30.07.2007

V. JAGADEESAN.
GENERAL MANAGER - FINANCE
& COMPANY SECRETARY

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No: 6**

In the Eleventh Annual General Meeting of the company held on 16th September 2006, shareholders had given their consent for the appointment of Shri. SKM. Maeilanandhan as Executive Chairman for a period of 5 years from 26.06.2006 to 25.06.2011. In the same meeting shareholders had consented for payment of remuneration to Executive Chairman which consist of Basic Pay Rs. 1,50,000/- per month, House Rent Allowance at 20% of the Basic Pay and with other usual allowances and benefits. During the periods when the company was incurring loss Shri. SKM. Maeilanandhan did not receive any remuneration to which he was entitled for the office of the Managing Director of the company. As the company's financial performance continued to be excellent for the past five years, Shri. SKM. Maeilanandhan for the first time received remuneration from the company in this financial year 2006-07. During this financial year the company earned a net profit of Rs. 10.83 crores which surpassed the performance of the company for the previous years. In view of the significant increase in the Net profit and after considering the valuable contribution made by Shri. SKM. Maeilanandhan to the company as Executive Chairman, it was proposed to revise the salary and other allowances payable to Shri. SKM. Maeilanandhan. The Remuneration Committee of the Board of Directors recommended for the revision of salary and allowances payable to Shri. SKM. Maeilanandhan to Rs. 1,90,000/- per month, HRA 20% of the Basic Pay and other usual allowances and benefits. The Board of Directors in their meeting held on 25th January 2007, subject to the approval of the shareholders, accepted the recommendation made by the remuneration committee and the Board accordingly unanimously approved for the payment of remuneration to Shri SKM. Maeilanandhan at the revised scale effective from 1st January 2007. Considering the executive remuneration being paid by other similar sized companies, the revised salary and allowances, as determined by the Remuneration Committee and approved by the Board of Directors is reasonable. The members are requested to approve this proposal of revision of salary to Shri. SKM. Maeilanandhan.

This proposal of revision of pay scale to Shri SKM. Maeilanandhan is in conformity with the requirement of Schedule XIII of the Companies Act, 1956.

Memorandum of Interest of Directors.

Shri SKM. Maeilanandhan is interested in this resolution. Shri SKM. Shree Shivkumar and Dr M. Chandrasekar, who are the relative of Shri SKM. Maeilanandhan are deemed to be interested in this resolution.

Item No: 7

The Company has embarked into backward integration of poultry farm with 12 lakhs layers. The total capital outlay of this project is Rs 41.50 crores which is financed by way of term loan of Rs 31.16 crores from the State Bank of India, Erode Branch and the balance is promoters' contribution out of internal accruals of the company. This project become absolutely essential for having a control over the cost of raw materials, and making for improvement in the quality of egg powder and for traceability purpose. In addition the Company is contemplating investments in expanding the present capacity to bridge the gap between the present demand and supply for egg powders. Plans are also underway to expand the activities of SKM Europe BV, the marketing subsidiary established in the Netherlands to take advantage of numerous opportunities for marketing value-added egg products in Europe and for this SKM Europe BV may need financial assistance either by way of equity or term loan from the company.

In addition the company is also exploring possibilities for growth through acquisition in poultry and its value added industries. The Company would need to have borrowing limit up to Rs.100 crores.

As the proposed borrowing will be in excess of the paid up capital of the Company and its free reserves approval of the shareholders in terms of Section 293(1)(d) of the Companies Act, 1956 is necessary.

The ordinary resolution at item No.7 is therefore submitted to the meeting for consideration and approval.

None of the directors is interested in the said resolution.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**SHAREHOLDERS' INFORMATION****Date and Venue of Annual General Meeting**

On Tuesday the 11th September, 2007 at Kongu Kalaiaragam, E.V.K. Sampath Nagar, Erode – 638011.

Tentative Financial Calender:

Fourth quarter and Unaudited results 2006-2007	: April 30, 2007.
First quarter results for 2007-2008 and audited results for 2006-2007	: 30.07.2007
Twelfth Annual General Meeting	: 11th September 2007
Second quarter results for 2007-2008	: on or before October 31, 2007.
Third quarter results for 2007-2008	: on or before January 31, 2008.
Date of book closure	: 07.11.2007 to 11.11.2007

Listing on Company's Equity Shares

Coimbatore Stock Exchange Ltd
Stock Exchange Building
Trichy Road
Coimbatore – 641 005.

The Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001.

Madras Stock Exchange Ltd
Exchange Building
Post Box No. 183
11, Second Line Beach
Chennai – 600 001.

National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor
Bandra – Kurla Complex
Bandra (E)
Mumbai – 400 051.

In the Eleventh Annual General Meeting of the company, special resolution was passed for delisting the shares of the company from Madras and Coimbatore Stock Exchanges. The company informed the decision of the shareholders to the above two stock exchanges and the stock exchanges are yet to inform the company about their formalities for delisting.

Annual listing fees has been paid to all Stock Exchanges for the year 2007-08 except to Coimbatore Stock Exchange. Listing fees has not been paid to coimbatore stock exchange for the year 2006-07 & 2007-08 as the company did not receive any demand from the said exchange.

Share Price Movements

The high and low prices of the Company's share on the Bombay Stock Exchange Limited and the National Stock Exchange between April, 2006 and March, 2007 are as under:

Month	Bombay Stock Exchange Limited			National Stock Exchange Limited		
	High	Low	Quantity	High	Low	Quantity
Apr-06	28.25	23.25	1,50,775	28.30	23.10	4,88,072
May-06	31.05	20.80	4,04,073	31.15	21.10	8,24,982
Jun-06	24.65	15.25	1,00,380	24.70	15.25	2,62,025
Jul-06	19.90	16.00	32,880	20.20	16.05	1,21,488
Aug-06	24.75	18.60	1,34,859	24.95	18.60	3,14,269
Sep-06	24.00	20.65	1,45,334	24.00	20.45	1,89,330
Oct-06	30.75	23.15	3,00,869	31.10	23.15	5,56,358
Nov-06	25.00	21.05	1,18,503	25.40	21.55	2,35,882
Dec-06	22.60	19.75	81,791	22.70	19.75	1,46,695
Jan-07	23.65	22.00	2,03,005	26.50	21.75	2,62,722
Feb-07	23.70	20.00	1,09,380	24.50	20.00	2,07,265
Mar-07	21.95	18.60	56,250	22.35	18.00	1,46,275
	30.75	15.25	18,38,099	31.15	15.25	37,55,363

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**Stock Code :**

National Stock Exchange of India (NSE)	SKMEGGPROD
The Bombay Stock Exchange Ltd	532143
NSDL & CSDL	INE 411 D 1015

The Equity Shares of the company are under the process of delisting from the Madras Stock Exchange Ltd and the Coimbatore Stock Exchange Ltd.

Share Transfer System :

The Board delegated its authority to transfer shares to Committee of Directors called as Share Transfer Committee. The details of share transferred are being placed before the Board of Directors and duly ratified. The Committee oversees transfers, transmissions, dematerialisation, rematerialisation of shares and issue of duplicate share certificates.

Compliance Officer :**V. JAGADEESAN,**

General Manager (Finance) and Company Secretary,
M/s.SKM Egg Products Export (India) Limited,
156, Gandhiji Road, Erode - 638 001.

Distribution of shareholding as on :

No. of Equity Shares held	31.03.2007				31.03.2006			
	No. of Share holders	% of Shares held	No. of Shares held	% of Share holding	No. of Share holders	% of Shares held	No. of Shares held	% of Share holding
1-500	5,954	66.02	20,14,477	7.65	6,019	66.22	20,79,680	7.90
501-1000	1,553	17.22	13,27,926	5.04	1,515	16.67	13,02,851	4.95
1001-2000	386	4.28	5,90,119	2.24	389	4.28	5,90,269	2.24
2001-3000	774	8.58	19,20,672	7.29	823	9.05	20,46,175	7.77
3001-4000	51	0.57	1,80,711	0.69	51	0.56	1,83,962	0.70
4001-5000	148	1.64	7,23,558	2.75	162	1.78	7,97,111	3.03
5001-10000	93	1.02	7,51,171	2.85	80	0.88	6,68,830	2.54
10001 & above	60	0.67	1,88,21,366	71.49	50	0.56	1,86,61,122	70.87
Total	9,019	100.00	2,63,30,000	100.00	9,089	100.00	2,63,30,000	100.00

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**Registrar and 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 – 641012, Phone : 0422-2499856,554995 Fax : 0422 – 2499574 is the Share Transfer Agent for Physical and Electronic transfer of Company's Shares.

Categories of shareholding as on :

Category	31.03.2007				31.03.2006			
	No. of Share holders	% of Shares holders	No. of Shares held	% of Share holding	No. of Share holders	% of Shares held	No. of Shares held	% of Share holding
Promoters	14	0.12	1,65,99,604	63.04	21	0.23	1,77,08,188	67.25
Corporate	180	2.00	2,61,639	1.00	251	2.76	3,91,489	1.49
Individuals	8,794	97.54	80,98,800	30.76	8,792	96.73	79,53,139	30.21
NRI/OCBs	31	0.34	13,69,957	5.20	25	0.28	2,77,184	1.05
TOTAL	9,019	100.00	2,63,30,000	100.00	9,089	100.00	2,63,30,000	100.00

Dematerialisation of shares :

As per SEBI's instruction the Company's Equity Shares can be sold through Stock Exchanges only in Dematerialised form.

Extent of Dematerialisation as on 31.03.2007

Name of the Depository	No. of Shares	%
National Securities Depository Ltd	78,26,833	29.73
Central Depository Services (India) Ltd	53,68,773	20.39
Total	1,31,95,606	50.12

Plant location:

Cholangapalayam
Erode - Karur Main Road
Pasur Post
Erode District
Pin - 638154.

Registered Office and Address for Correspondence:

156 - Gandhiji Road
Erode - 638001.
Phone : (0424) 2258212, 2258213, 2258216, 2259714, 2262963
Fax: (0424) 2260933

e-mail : shares@skmegg.com

Place: Erode
Date : 30-07-2007

SKM. MAEILANANDHAN
EXECUTIVE CHAIRMAN