



THIRTEENTH ANNUAL REPORT
2007-2008

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

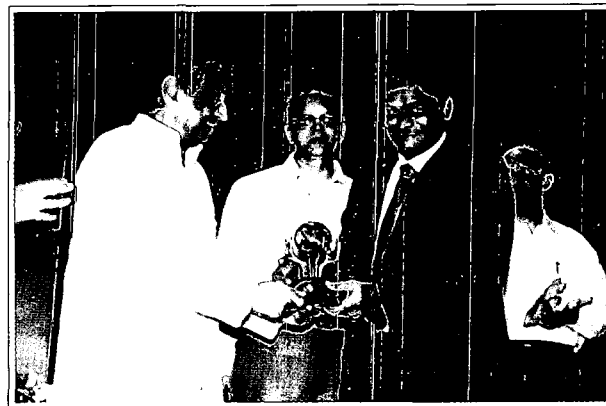


SKM EGG PRODUCTS
THINKING OUT OF THE SHELL

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

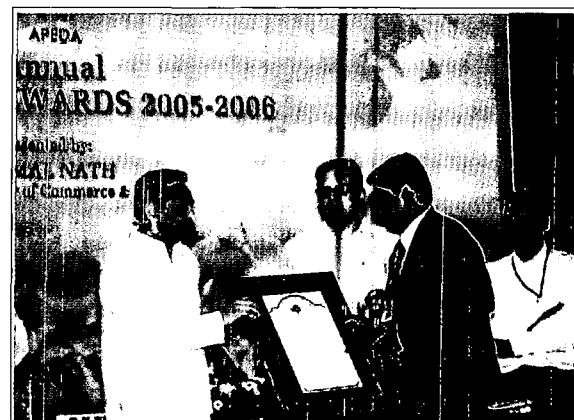
185, Chennimalai Road, Erode.
Tamilnadu, India. Pin: 638001
Website: www.skmeegg.com

Silver Trophy Award from APEDA
for the year 2006-2007
for quality and export promotion.



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.



SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

185, Chennimalai Road, Erode - 638 001

| | | |
|--|---|---|
| BOARD OF DIRECTORS | : | Shri. SKM. MAEILANANDHAN 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 & COMPANY SECRETARY | : | Shri. V. JAGADEESAN , B.Sc., A.C.A., A.I.C.W.A., A.C.S. |
| 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 | : | 185, Chennimalai 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

185, Chennimalai Road, Erode - 638 001

NOTICE TO MEMBERS

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of the Company will be held on 09.09.2008 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 2008.
 - b. The audited Balance Sheet as at 31st March, 2008.
 - c. The Director's and Auditor's Report thereon.
2. To declare a dividend for the year 2007 - 2008. The Directors recommended dividend of 5% on the equity shares for the accounting year 2007 - 2008.
3. To appoint a Director in the place of Dr. L.M. Ramakrishnan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Shri M. Chinnayan, 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 resolutions 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, and in partial modification of the resolution approved by the shareholders in the Annual General Meeting of the company held on 11th day of September, 2007 the remuneration payable to Shri SKM. Maeilanandhan, Executive Chairman be and is hereby revised, with effect from 1st April 2008, by means of payment of additional remuneration in the form of commission at the rate of 3% on the net profit of the company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956.

“RESOLVED FURTHER THAT other terms and conditions of appointment of Shri. SKM. Maeilanandhan as Executive Chairman approved by the shareholders in the Annual General Meeting held on 11th September 2007, reproduced below for ready reference, shall remain unchanged :

- i. Basic Pay Rs. 1,90,000/- per month.
- ii. House Rent Allowance at 20% of the basic pay.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

- 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.
- vi. Personal Accident Insurance Premium upto 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.”

7. To Consider and if thought fit to pass the following resolutions with or without modifications 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, and in partial modification of the resolution approved by the shareholders in the Annual General Meeting of the company held on 16th day of September, 2006 the remuneration payable to Shri SKM. Shree Shivkumar, Managing Director be and is hereby revised, with effect from 1st April 2008, in the following manner.

- a. Basic Pay is proposed to be revised to Rs.1,80,000 per month from the existing Basic Pay of Rs.1,30,000 per month.
- b. Commission is proposed to be paid at the rate of 3% on the Net Profit of the company calculated in accordance with the provision of Sections 198, 349 and 350 of the Companies Act, 1956.

“RESOLVED FURTHER THAT other terms and conditions of appointment of Shri. SKM. Shree Shivkumar as Managing Director approved by the shareholders in the Annual General Meeting held on 16th September 2006, reproduced below for ready reference, shall remain unchanged :

- i. House Rent Allowance at 20% of the Basic pay.
- ii. Reimbursement of Medical Expenses for self and family.
- iii. Reimbursement of expenditure incurred towards (not exceeding 10% of the Basic Pay) gas, electricity, water and furnishing.
- iv. Payment of club fees, other than admission and life membership fees, subject to a maximum of two clubs.
- v. Personal Accident Insurance Premium upto Rs.10,000/- per annum.
- vi. Leave Travel Concession for self and family members according to the rules of the Company.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

- vii. Shri SKM. Shree Shivkumar 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.
- viii. The Company shall provide a car for official use on Company's business and telephone at the residence of Shri SKM. Shree Shivkumar.

"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. Shree Shivkumar as minimum remuneration subject to the provisions of Section II(A) of Part II of Schedule XIII to the Companies Act, 1956."

By order of the Board

Place: Erode
Date : 28.07.2008

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 185 - Chennimalai 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, Share Transfer Books will remain closed from 01.09.2008 to 09.09.2008 (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.7 (Old 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, 31st March, 2007 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.7 (Old 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**.

By order of the Board

Place: Erode
Date : 28.07.2008

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 Twelveth Annual General Meeting of the company held on 11th Septmeber,2007 the consent of members was obtained for payment of remuneration to the Executive Chairman Shri. SKM. Maeilanandhan at the revised basic Pay of Rs. 1,90,000/- per month with usual allowances and benefits as against the basic pay of Rs.1,50,000/- per month with usual allowances and benefits. Shri. SKM. Maeilanandhan for the first time received remuneration in the financial year 2006-07 and in the earlier years he did not receive any remuneration from the company in view of the prevailing financial crisis due to incurring of losses. Under the stewardship of Shri. SKM. Maeilanandhan, the turnover of the company during this financial year 2007-08, for the first time crossed Rs.100 crore and the company earned excellent profit in spite of substantial increase in raw material cost and adverse foreign exchange market environment. Considering the valuable contribution made by Shri. SKM. Maeilanandhan as the Executive Chairman of the company to the growth of the company,it was proposed to revise the remuneration being paid to him. The Remuneration Committee of the Board of Directors in its meeting held on 28th April,2008 has recommended for payment of commission at the rate of 3% on the net profit of the company in addition to the remuneration previously approved by the members at the Annual General Meeting held on 11th September, 2007 (i.e) a basic pay of Rs.1,90,000 per month and other usual benefits and allowances. The Board of Directors at its meeting held on 28th April,2008 accepted the recommendation of the remuneration committee and approved revision of remuneration payable to Shri. SKM. Maeilanandhan with effect from the Financial Year commencing on or after 1st April 2008 subject to approval of the members in the ensuing Annual General Meeting. The remuneration proposed for payment to the Executive Chairman Shri. SKM. Maeilanandhan is reasonable considering the growth and volume of business of the company. The Board of Directors recommend the resolution to the members for approval. The proposed revision of remuneration to Shri. SKM. Maeilanandhan is in conformity with the requirement of Schedule XIII of the Companies Act'1956.

This explanatory statement together with the accompanying notice may be treated as an abstract of the terms of remuneration payable to Shri. SKM. Maeilanandhan, pursuant to Section 302 of the Companies Act,1956.

Memorandum of Interest of Directors.

Shri. SKM. Maeilanandhan is interested in this resolution as it concerns revision of his remuneration. Shri. SKM. Shree Shivkumar and Dr. M. Chandrasekar are interested in this resolution as relatives of Shri. SKM. Maeilanandhan.

Item No: 7

In the Eleventh Annual General Meeting of the company held on 16th September,2006 members appointed Shri. SKM. Shree Shivkumar as the Managing Director for a period of 5 years from 26.06.2006 to 25.06.2011 and also approved for payment of remuneration to Shri. SKM. Shree Shivkumar consisting of Basic Pay of Rs. 1,30,000 per month with usual allowances and benefits. The company is continue to make new milestone in its performance due to the valuable contribution made by Shri. SKM. Shree Shivkumar. The dynamism of Shri. SKM. Shree Shivkumar in making key business decisions help drives the company to grow well even during the periods where there is an adverse business and economic environment. Shri. SKM. Shree Shivkumar has taken tremendous efforts in identifying new markets and customers which resulted in demand for the company's products far exceeded its production capacity and the turnover of the company, during this year, registered a robust growth of 20%. In order to suitably compensate for the contributions made by Shri. SKM. Shree Shivkumar, it was proposed to revise the remuneration being paid to Shri. SKM. Shree Shivkumar. The Remuneration Committee of the Board of Directors in its meeting held on 28th April,2008 has recommended for revision of remuneration payable to Shri. SKM. Shree Shivkumar to Rs.1,80,000 per month with usual allowances and benefits and for payment of commission at the rate of 3% on the net profit of the company as against the remuneration previously approved by the members at the Annual General Meeting held on 16th Septmebr,2006 (i.e) a basic pay of Rs. 1,30,000 per month and other usual benefits and allowances. The Board of Directors at its meeting held on 28th April,2008 accepted the recommendation of the remuneration committee and approved revision of remuneration payable to Shri. SKM. Shree Shivkumar with effect from the Financial Year commencing on or after 1st April 2008 subject to

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

approval of the members in the ensuing Annual General Meeting. The remuneration proposed for payment to the Managing Director Shri. SKM. Shree Shivkumar is reasonable considering the overall performance of the company. The Board of Directors recommend the resolution to the members for approval. The proposed revision of remuneration to Shri. SKM. Shree Shivkumar is in conformity with the requirement of Schedule XIII of the Companies Act'1956.

This explanatory statement together with the accompanying notice may be treated as on abstract of the terms of remuneration payable to Shri SKM. Shree Shivkumar, pursuant to Sec.302 of the Companies Act' 1956.

Memorandum of Interest of Directors.

Shri. SKM. Shree Shivkumar is interested in this resolution as it concerns revision of his remuneration. Shri. SKM. Maeilanandhan and Dr. M. Chandrasekar are interested in this resolution as relatives of Shri. SKM. Shree Shivkumar.



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

On Tuesday the 9th September, 2008 at Kongu Kalaiarangam, E.V.K. Sampath Nagar, Erode – 638011.

Tentative Financial Calender:

| | |
|---|----------------------------------|
| Fourth quarter and Unaudited results 2007-2008 | : April 28, 2008. |
| First quarter results for 2008-2009 and audited results for 2007-2008 | : 28.07.2008 |
| Thirteenth Annual General Meeting | : 09.09.2008 |
| Second quarter results for 2008-2009 | : on or before October 31, 2008. |
| Third quarter results for 2008-2009 | : on or before January 31, 2009. |
| Date of book closure | : 01.09.2008 to 09.09.2008 |

Listing on Company's Equity Shares

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

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

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

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

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 2008-09 except to Coimbatore Stock Exchange and Madras Stock 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, 2007 and March, 2008 are as under:

| Month | Bombay Stock Exchange Limited | | | National Stock Exchange Limited | | |
|----------|-------------------------------|--------------|------------------|---------------------------------|--------------|------------------|
| | High | Low | Quantity | High | Low | Quantity |
| Apr-2007 | 20.85 | 18.25 | 76,481 | 20.95 | 18.00 | 1,22,852 |
| May-2007 | 22.00 | 18.15 | 56,665 | 20.40 | 18.00 | 1,16,453 |
| Jun-2007 | 21.10 | 18.00 | 63,825 | 20.70 | 18.10 | 1,73,110 |
| Jul-2007 | 19.35 | 17.60 | 97,647 | 21.90 | 16.15 | 2,16,134 |
| Aug-2007 | 19.90 | 15.10 | 92,407 | 18.00 | 16.70 | 1,48,645 |
| Sep-2007 | 22.00 | 17.00 | 2,59,103 | 21.95 | 16.70 | 5,15,191 |
| Oct-2007 | 20.00 | 15.60 | 1,09,958 | 19.90 | 15.15 | 2,69,159 |
| Nov-2007 | 20.00 | 15.05 | 3,20,216 | 19.95 | 15.00 | 5,09,149 |
| Dec-2007 | 25.95 | 17.00 | 6,36,732 | 22.70 | 16.90 | 8,92,593 |
| Jan-2008 | 43.50 | 18.25 | 23,00,802 | 43.45 | 18.40 | 35,24,226 |
| Feb-2008 | 21.80 | 16.50 | 1,32,967 | 21.15 | 16.65 | 2,56,188 |
| Mar-2008 | 18.00 | 13.35 | 1,66,507 | 18.45 | 13.40 | 2,04,917 |
| | 43.50 | 13.35 | 43,13,310 | 43.45 | 13.40 | 69,48,617 |