

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

REGD OFFICE : 185, Chennimalai Road, Erode - 638 001

BOARD OF DIRECTORS	:	Shri. SKM. MAEILANANDHAN
	:	Shri. SKM SHREE SHIVKUMAR
	:	Smt. S. KUMUTAAVALLI
		Dr.L.M.RAMAKRISHNAN
		Shri.C.DEVARAJAN
	:	Shri.S.M.VENKATACHALAPATHY
	:	Shri.M.CHINNAYAN
	:	Shri.P.KUMARASAMY
	:	Shri.B.RAMAKRISHNAN (TIDCO Nominee)
EXECUTIVE CHAIRMAN	:	Shri.SKM MAEILANANDHAN
MANAGING DIRECTOR	:	Shri.SKM SHREE SHIVKUMAR
STATUTORY AUDITORS	:	N.C.RAJAGOPAL & CO., Chartered Accountants, 199, Agraharam Street, ERODE – 638 001.
BANKERS	:	STATE BANK OF INDIA, Commercial Branch, 78/79, Park Road, 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.

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NOTICE TO MEMBERS

Notice is hereby given that the Eighteenth **Annual General Meeting** of the Members of the Company will be held on Monday the 30th September, 2013 at 4.00 p.m at NSA Mahal, Club Melaange, 314,315, Perundurai Road, Erode – 638 011 to transact the following business:

AGENDA

ORDINARY BUSINESS:

1. To receive, consider and adopt :
 - a. The audited Profit and Loss Account for the year ended 31st March 2013.
 - b. The audited Balance Sheet as at 31st March 2013.
 - c. The Directors' and Auditors' Report thereon.
2. To appoint a Director in the place of Shri.P.Kumarasamy who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Shri.S.M.Venkatachalapathy 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 reappointment.
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, Erode are eligible for re-appointment and confirmed their willingness to accept the office, if re-appointed.

Place : Erode

Date : 09.08.2013

By Order of the Board

SKM SHREE SHIVKUMAR
MANAGING DIRECTOR

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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 – 638 001 not later than 48 hours before the scheduled time of the meeting.
2. The Register of Members, Share Transfer Books will remain closed from **24.09.2013 to 30.09.2013** (both days inclusive).
3. 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. Consultant Ltd., Ganapathy towers, IIIrd floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore – 641 006.
4. Members holding shares in DEMAT form are requested to incorporate Client ID Number and DP ID Number in the attendance slip/proxy form for easy identification.
5. 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.
6. 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 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 2005, 31st March 2006, 31st March 2007, and 31st March, 2008, 31st March, 2009 are requested to approach the company for obtaining payments thereof.
7. 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., Ganapathy towers, IIIrd floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore – 641 006 , in respect of shares held in physical form.
 - ii. Their depository Participants (DPs) in respect of shares held in dematerialized form.
8. Brief particulars of Directors proposed for re-appointment of Directors are given in Report on Corporate Governance.

Place : Erode Date : 09.08.2013	By order of the Board
	SKM Shree Shivkumar Managing Director

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SHAREHOLDERS' INFORMATION

Date and Venue of Annual General Meeting

On Monday the 30th September, 2013 at 4.00 p.m.

Tentative Financial Calender :

Fourth quarter and unaudited results 2012-2013	: 15.05.2013
First quarter results for 2013-14	: 09.08.2013
Audited Results for 2012-13	: 09.08.2013.
18 th Annual General Meeting	: 30.09.2013
Second quarter results for 2013-14	: On or before 30.11.2013
Third quarter results for 2013-14	: On or before 28.02.2014
Date of book closure	: 24.09.2013 to 30.09.2013

Listing on Company's Equity Shares

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

In the 11th 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.

In the 17th Annual General Meeting of the company, special resolution was passed for delisting the shares of the company from The Stock Exchange, Mumbai. The company informed the decision of the shareholders to the stock exchange and the stock exchange is yet to inform the company about the formalities for delisting.

Annual listing fees has been paid to National Stock Exchange for the financial year ending on 31st March 2014. It may please be noted that as it has been decided to delist the securities of the company from other stock exchanges namely Coimbatore Stock Exchange, Madras Stock Exchange and Bombay Stock exchange limited, Mumbai, payment of such listing does not arise.'

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Share Price Movements

The high and low prices of the Company's share on the Bombay Stock Exchange Limited and the National Stock Exchange of India Ltd., between **April, 2012 and March, 2013** are as under:

Bombay Stock Exchange Limited				National Stock Exchange Limited			
Month	High	Low	Quantity	Month	High	Low	Quantity
Apr-12	7.65	6.25	58371	Apr-12	7.45	5.75	95874
May-12	6.51	6.05	13641	May-12	6.75	5.75	113612
Jun-12	NIL	NIL	NIL	Jun-12	6.45	5.8	88499
Jul-12	NIL	NIL	NIL	Jul-12	7.15	5.3	99255
Aug-12	NIL	NIL	NIL	Aug-12	6.4	5.3	91310
Sep-12	NIL	NIL	NIL	Sep-12	7.45	5.65	93970
Oct-12	NIL	NIL	NIL	Oct-12	7.85	6.1	88807
Nov-12	NIL	NIL	NIL	Nov-12	7.5	5.65	135585
Dec-12	NIL	NIL	NIL	Dec-12	7.5	6.3	137705
Jan-13	NIL	NIL	NIL	Jan-13	7.5	6.1	107045
Feb-13	NIL	NIL	NIL	Feb-13	6.7	5.35	113124
Mar-13	NIL	NIL	NIL	Mar-13	6.15	5.15	64642

Stock Code :

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

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, dematerialization, and rematerialisation of shares and issue of duplicate share certificates.

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Distribution of shareholding as on :

No. of Equity Shares held	31.03.2013				31.03.2012			
	No. of Share holders	%	No. of Shares held	% of Share holding	No. of Share Holders	%	No. of Shares held	% of Share holding
1 - 500	7,125	66.78	2,132,181	8.10	7,404	66.58	2,199,095	8.35
501 - 1000	1,714	16.06	1,473,557	5.60	1,817	16.34	1,563,466	5.94
1001 - 2000	587	5.50	911,873	3.46	620	5.58	960,078	3.65
2001 - 3000	734	6.88	1,832,696	6.96	745	6.70	1,858,842	7.06
3001 - 4000	82	0.77	291,524	1.11	89	0.80	318,222	1.21
4001 - 5000	166	1.56	805,485	3.06	176	1.58	852,434	3.24
5001 - 10000	146	1.36	1,110,647	4.21	153	1.38	1,175,140	4.46
10001 and above	116	1.09	17,772,037	67.50	117	1.05	17,402,723	66.09
Total	10,670	100.00	26,330,000	100.00	11,121	100.00	26,330,000	100.00

Registrar and Transfer Agent

M/s.S.K.D.C.Consultants Limited, Ganapathy towers, IIIrd floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore – 641 006, Phone: 0422-6549995, 2539835 2539836, Fax:0422-2539837 is the Share Transfer Agent for Physical and Electronic transfer of Company's Shares.

Categories of shareholding as on 31.03.2013 :

Category	No. of Share Holders	% of Share Holding	No. of Shares Held	% of Share Holding
Promoters	6	0.07	13,785,675	52.36
Bodies Corporate	160	1.50	610,467	2.32
Resident Individuals	10,289	96.43	10,265,826	38.99
NRI's	37	0.35	227,618	0.86
OCB's	1	0.01	1,092,100	4.15
Trusts	1	0.01	28,784	0.11
Directors & Relatives	8	0.07	42,510	0.16
Clearing Members	41	0.38	53,176	0.20
HUF's	125	1.18	223,844	0.85
Total	10,668	100.00	26,330,000	100.00

Compliance Officer:

SKM. Shree Shivkumar,
Managing Director,
M/s.SKM Egg Products Export (India) Limited,
185, Chennimalai Road, Erode – 638 001.

By order of the Board

Place : Erode

SKM Shree Shivkumar
Managing Director

Date : 09.08.2013

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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 31.03.2013

Name of the Depository	No.of Shares	%
National Securities Depository Ltd	1,51,65,840	57.60
Central Depository Services (India) Ltd	60,36,498	22.93
Physical	51,27,662	19.47
Total	2,63,30,000	100.00

Plant location:

Cholangapalayam
Erode – Karur Main Road
Pasur Post
Erode District
Pin: 638 154

Registered Office and Address for Correspondence:

185, Chennimalai Road,
Erode - 638 001.
Phone : (0424) 2262963
Fax: (0424) 2258419
e-mail : finance@skmegg.com

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DIRECTORS' REPORT AND MANAGEMENT ANALYSIS

Your directors are pleased to present the **18th ANNUAL REPORT** with audited accounts for the year ended **31st, March 2013**. The summarized financial results of the Company are given hereunder.

FINANCIAL HIGHLIGHTS

Rs. in lacs

DESCRIPTION	2012-2013	2011-2012
Total Income	20,038.49	12,434.13
Profit Before Interest, Depreciation and Tax	3,157.51	338.77
Less : Financial Cost	1,175.97	1,152.77
Depreciation & Amortization	1,845.00	900.73
Profit Before Tax	136.54	(1,714.73)
Less: Provision for Tax		
-Current	0.00	0.00
-MAT Credit entitlement	0.00	(13.31)
-Deferred Tax	33.09	(539.81)
Profit After Tax and available for appropriation	103.45	(1,161.61)
APPROPRIATIONS		
Proposed dividend	-	-
Dividend Distribution Tax	-	-
Surplus carried to Balance Sheet	103.45	-

DIVIDEND:

Your directors have not recommended any dividend for the financial year in view of the meager profit of Rs.103.45 lacs for the year ended 31st March 2013.

CORPORATE GOVERNANCE

- A detailed report on corporate governance together with a certificate from the Statutory Auditors, in compliance with Clause 49 of the Listing Agreement, is attached as part of this report.
- Compliance reports in respect of all laws applicable to the Company have been reviewed by the Board of Directors.

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Management discussion and analysis review of performance:

- 1) The Company recorded revenue of Rs.20,038.49 lacs (including other income of Rs.700.37 lacs) for the year ended 31st March,2013 as against Rs.12434.13 lacs (including other income of (Rs.218.40 lacs)) in the previous year ended 31st March,2012.
- 2) The Profit before tax was at Rs.136.54 lacs for the year ended 31st March,2013 as compared to (Rs.1,714.73 lacs) during the corresponding period in the last year.
- 3) The Net Profit was at Rs.103.45 lacs as on 31.03.2013 as against (Rs.1,161.61 lacs) in the Previous financial year.
- 4) The quantity sold during the year 2012-13 stood at 6215.269 MTs, when compared to 4218.625 MT during the previous year ended 31st March, 2012

Key factors which affect the performance of the company :

- a. Adverse movement in Egg Powder rates.
- b. Volatility in prices of raw materials like egg etc.

Capital expenditure and funding:

- i. The Capital Expenditure incurred and funded for the year is Rs.57.80 lacs of which Rs.17.95 lacs pertain to plant and machinery.
- ii. During the year under review, your company has sold /deleted /adjusted assets worth Rs.11.78 lacs.

OUTLOOK OF THE INDUSTRY :

- The revenue from operation for the current year would be more than the last financial year 2012-13.
- Performance of the previous year was reported to be good and it is a high record of achieving the turnover of Rs.193.38 crores, predominantly in view of the fact that higher selling price and addition of egg yolk liquid resulting in more separation of Egg albumen powder. Most importantly, increased volume of business in the local market too with the introduction of pasteurized whole egg liquid.
- The industry being Egg processing, which is predominantly raw material intensive sector and hence fluctuation in egg price widely influence cash position and operating margin of this sector.
- The unprecedented increase after the “prices of eggs” nearly most part of the financial year had a substantial adverse for effect on the bottom line of the company for the current year.
- Egg processing industries in India do not have any domestic market for processed eggs and therefore the performance of the company is having a direct correlation to the performance of the global economy. Dollar/Euro Vs Indian rupee is comparatively better than the past and has given the company some marginal increase in price realization.
- Overall for the financial year ended 31st March 2013, the company has evolved strategies in such a way to increase the selling price levels and volume with the existing buyers. Egg albumen price has increased by US

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\$ 2.0/kg is a good sign. Developed new products with additives in the egg liquid enhancing the shelf life , thereby we can export these egg liquids to other Asian countries. We have captured long term contract with two countries for the enhanced shelf life product of egg liquid with additives. Also, in the process of developing new products using egg powders. Ready to use egg blends [bakery mix] for both the export and domestic market for bakery applications. Egg blends like Scrambled eggs and Omlette mix planned for the noon meal scheme in the State Government.

Other related reasons for the performance of the company and industry:

- It is focused that demand for the egg powder in the export market expected to improve substantially in the ensuing years.
- The major growth stimulant is the recovery of global demand for end product.
- A major challenge to be faced by the players in the poultry sector during the current year is high input costs including cost of raw material.
- The most important strategic focus of the company during the current year would be penetrating the Russian market .
- Regular and periodical interaction with the officials of the Government department of both Russia and India to complete the veterinary certification and approval process for export to Russia.
- The sector in which the company is now focusing has being encountering setbacks due to export dependence, with the advent of the global economic crisis.
- At this backdrop, it is believed to tap other export markets to be the most important or an important strategic focus during the current year 2013-2014.
- The company is looking at numerous strategies to improve its performance.
- Indian government subsidy helps us a lot to export more sales volume.
- Egg albumen powder is now eligible for additional subsidy and subsidy entitlement for egg liquid is an encouraging symptom.
- A major shift in the export market segment might be required to improve price realization and a marked improvement in operational efficiencies.

FUTURE PROSPECTS

1. Product quality, cost and timely delivery are the key factors in the growth of this industry. Factors like increased public spending, favorable interest rates and general improvement in per capital income point towards higher demand for processing industry in the future.
2. Reckoning with the customers' awareness and constantly striving to improve the quality parameters on the one hand and pricing the products in the supply side on the other , the future prospects of the company is ensured.
3. Though operating in a competitive environment, the uniqueness of the model ensures a comfortable level of net margin availability to your organization.