



SKM EGG PRODUCTS

THINKING OUT OF THE SHELL

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Abridged Annual Report

2011 - 2012

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

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SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

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

NOTICE TO MEMBERS

Notice is hereby given that the **Seventeenth Annual General Meeting** of the Members of the Company will be held on Saturday the 29th September, 2012 at 4.00 p.m at N.S.A. Mahal, Club Melaange, 314, 315 Perundurai Road, Erode - 638011 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 2012.
 - b. The audited Balance Sheet as at 31st March 2012.
 - c. The Directors' and Auditors' Report thereon.
2. To appoint a Director in the place of Smt. **S. Kumutaavalli**, who retires by rotation and being eligible, offers herself for re-appointment.
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 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.

SPECIAL BUSINESS

05. To consider and if thought fit, to pass with or without modifications, the following resolution as an ordinary Resolution

"RESOLVED THAT Sri C. DEVARAJAN who was co-opted as an additional director on the Board of the Company on 06.08.2012 to hold office till the date of this Annual General Meeting, be and is hereby appointed as a Director u/s. 260 of the Act."
06. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions of the Companies Act, 1956 and all applicable provisions of the Securities Exchange Board of India (Delisting of Securities)

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Guidelines, 2003 and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company or as may be prescribed or imposed by any authority while granting such approvals, permissions or sanctions which may be agreed by the Board of Directors of the Company in its sole discretion, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to delist the Equity Shares of the Company from Bombay Stock Exchange Ltd (hereinafter referred to as the Delisting Stock Exchanges) on such terms and conditions and in such manner as may be considered desirable and expedient by the Board of Directors of the Company in its absolute discretion".

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things, including filling of applications and other documents with the delisting Stock Exchanges, as it may in its absolute discretion deem necessary, expedient, usual or proper or desirable and to settle all questions, difficulties or doubts whatsoever that may arise in regard to the aforesaid voluntary delisting of the Equity Shares of the Company, as it may in its absolute discretion deem fit without being required to seek any further approvals of the members or otherwise to the end and intent that the members shall be deemed to have given their approval expressly by authority of this resolution."

"RESOLVED FURTHER THAT the Board of Director of the Company be and is hereby authorised to delegate all or any of its power which may be so delegated by law, to any of its Committee or any Director or Officer of the Company, to give effect to the aforesaid resolution."

Place : Erode

Date : 06.08.2012

By order of the Board

SKM Shree Shivkumar
Managing Director

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 AND SEBI (ICDR) REGULATIONS, 2009.

Item No. 5

Sri C. Devarajan was co-opted as an additional director on the Board of the company on 06.08.2012, pursuant to Section 260 of the Act. He can hold the office of the Directorship till the conclusion of the forthcoming Annual General Meeting of the Company.

Notice has since been received from one of the members of the company signifying his intention to propose his candidature to the office of the Director along with the requisite deposit pursuant to Section 257 (1A) of the Act.

The Board, therefore, recommends the resolution as set out in the agenda notice for your approval.

Memorandum of Interest :

None of the directors is interested or concerned in the resolution.

Item No. 6

The Equity Shares of the Company are currently listed on the following Stock Exchanges in India:

1. The Bombay Stock Exchange Limited
2. The National Stock Exchange of India Limited

Out of the above Stock Exchanges in which the Equity Shares of the company are listed, the National Stock Exchange Limited is having extensive and Nationwide trading terminals. The bulk of the trading in the Company's Equity Shares takes place in The National Stock Exchange Limited and the trading on the other Stock Exchange is either negligible or nil.

The listing fees paid to the Bombay Stock Exchange Limited is disproportionately higher considering the volume of trading of Equity Shares of the Company. In view of this the Board of Directors of the Company in its meeting held on 06.08.2012 unanimously resolved subject to approval of members by means of special resolution, to delist the Equity Shares of the company from the Bombay Stock Exchange Limited. Guideline 5 of the Securities Exchange Board of India (Delisting of Securities) Guidelines, 2003 permits a company to voluntarily delist its securities from any Stock Exchanges where its securities are listed after obtaining approval of Members by means of Special Resolution passed at its general meeting. As per the said guideline an exit opportunity need not be given to the shareholders in cases where the securities are continued to be listed in a Stock Exchange having nationwide trading terminals. According to the Explanation to the said guideline the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited are considered having nationwide trading terminals. As the Company's Equity Shares will continue to be listed on the National Stock Exchange Limited, the proposed delisting of the Equity Shares from the Bombay Stock Exchange of India Limited, as and when it takes place, will not affect the investors adversely. The

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delisting will take effect after all approvals, permissions and sanctions are obtained. The Board of Directors recommends this special resolution for the approval of the Members. The members had already accorded their approval for delisting the shares of the company of Coimbatore Stock Exchange Limited and Madras Stock Exchange Limited at their meeting held on 16.09.2006. After delisting of the equity shares of the Bombay Stock Exchange, the company's shares would be traded only in National Stock Exchange.

Memorandum of Interest of Director

None of the Directors of the Company is, in any way, concerned or interested in this Resolution.

<p>Place : Erode Date : 06.08.2012</p>	<p>By order of the Board SKM Shree Shivkumar Managing Director</p>
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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. 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 **23.09.2012 to 29.09.2012** (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. Consultant Ltd., Ganapathy towers, IIIrd floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore – 641 006.
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 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.
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., 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 hold in dematerialized form.
9. Brief particulars of Directors proposed for reappointment of Directors are given in Report on Corporate Governance.

Place : Erode

Date : 06.08.2012

By order of the Board

SKM Shree Shivkumar
Managing Director

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SHAREHOLDERS' INFORMATION

Date and Venue of Annual General Meeting

On Saturday the 29th September 2012 at 4.00 p.m. N.S.A. Mahal, Club Melaange, 314, 315 Perundurai Road, Erode - 638011.

Tentative Financial Calender :

Fourth quarter and unaudited results 2011-2012	: 29.05.2012
First quarter results for 2012-13 and audited Results for 2011-2012	: 06.08.2012
Seventeenth Annual General Meeting	: 29.09.2012
Second quarter results for 2012-2013	: On or before 30.11.2012.
Third quarter results for 2012-2013	: On or before February 28, 2013.
Date of book closure	: 23.09.2012 to 29.09.2012

Listing on Company's Equity Shares

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

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.

Annual listing fees has been paid to all Stock Exchanges for the year 2011-12 except to Coimbatore Stock Exchange and Madras Stock Exchange in view of the decision of the share holders to delist shares of the company.

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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 between **April, 2011 and March, 2012** are as under:

Month	Bombay Stock Exchange Limited			National Stock Exchange Limited		
	High	Low	Quantity	High	Low	Quantity
April-2011	12.95	9.80	161996	12.90	9.70	189980
May-2011	10.99	9.15	81954	11.00	7.80	156312
June-2011	10.20	8.35	140053	11.50	8.40	268643
July-2011	9.50	8.02	141474	9.45	8.40	131280
Aug-2011	9.25	6.51	123459	9.00	6.25	152823
Sep-2011	8.99	6.55	191897	8.90	6.65	306400
Oct-2011	8.85	7.00	101613	9.30	7.00	136153
Nov-2011	9.15	6.50	103240	9.05	6.50	105834
Dec-2011	7.60	6.25	64056	7.95	6.10	135867
Jan-2012	7.90	6.35	83541	7.80	6.20	174567
Feb-2012	8.70	6.90	89973	8.70	7.05	200610
Mar-2012	8.05	6.00	104383	8.00	5.90	73225

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, 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	31.03.2012				31.03.2011			
	No. of Share holders	%	No. of Shares held	% of Share holding	No. of Share Holders	%	No. of Shares held	% of Share holding
1 - 500	7,404	66.58	2,199,095	8.35	7,724	67.11	2,270,693	8.62
501 - 1000	1,817	16.34	1,563,466	5.94	1,876	16.30	16,24,108	6.17
1001 - 2000	620	5.58	960,078	3.65	636	5.53	9,87,985	3.75
2001 - 3000	745	6.70	1,858,842	7.06	757	6.58	1,886,787	7.17
3001 - 4000	89	0.80	318,222	1.21	84	0.73	2,98,620	1.13
4001 - 5000	176	1.58	852,434	3.24	163	1.42	7,93,767	3.01
5001 - 10000	153	1.38	1,175,140	4.46	150	1.30	1,162,459	4.41
10001 and above	117	1.05	17,402,723	66.09	118	1.03	17,305,581	65.74
Total	11,121	100.00	26,330,000	100.00	11,508	100.00	2,63,30,000	100.00

Registrar and Transfer Agent

M/s.S.K.D.C.Consultants Limited, Ganapathy towers, 111rd 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 31.03.2012 :

Category	No. of Share holders	%	No. of Shares held	% of Share holding
Promoters	6	0.05	13,785,675	52.36
Bodies Corporate	175	1.57	712,854	2.71
Resident Individuals	10,706	96.27	10,095,361	38.34
NRI's	42	0.38	220,110	0.84
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	51	0.46	166,024	0.63
HUF's	131	1.18	186,582	0.71
Total	11,121	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 : 06.08.2012

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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 31.03.2012

Name of the Depository	No.of Shares	%
National Securities Depository Ltd	60,13,766	22.80
Central Depository Services (India) Ltd	1,51,45,072	57.56
Physical	51,71,162	19.64
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

Place : Erode
Date : 06.08.2012

By order of the Board

SKM Shree Shivkumar
Managing Director

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DIRECTORS' REPORT AND MANAGEMENT ANALYSIS

Your directors are pleased to present the 17th ANNUAL REPORT with audited accounts for the year ended 31st, March 2012. The summarized financial results of the Company are given hereunder.

FINANCIAL HIGHLIGHTS

Rs. in lacs

DESCRIPTION	2011-2012	2010-2011
Total Income	12434.13	12110.85
Profit before interest, Depreciation and Tax	338.77	387.25
Less: Financial Cost	1152.77	847.52
Depreciation & Amortization	900.73	860.70
Profit before tax	(1714.73)	(1320.97)
Less: Provision for Tax	--	--
-Current	--	--
-Mat Credit Entitlement	(13.31)	--
-Deferred Tax	(539.81)	(388.44)
Profit after Tax and available for appropriation	(1161.61)	(932.53)
APPROPRIATIONS		
Proposed Dividend		
Dividend Distribution Tax		
Surplus carried to Balance sheet		

DIVIDEND:

Your directors have not recommended any dividend for the financial year in view of the loss incurred to the tune of (Rs.1161.61) lacs for the year ended 31st March 2012.

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:

- a) The company recorded of Rs.12434.13 lakhs (including other income of (Rs.218.40) for the year ended 31st March, 2012 as against Rs.12110.85 lakhs (including other income of Rs.566.32 lakhs) in the previous year ended 31st March,2011.
- b) The loss was at Rs.1714.73 lakhs for the year ended 31st March,2012 as compared to Rs.1320.97 lakhs during the corresponding in the last year.
- c) The net loss was at Rs.1161.61 lakhs as on 31.03.2012 as against Rs.932.53 lakhs in the previous fiscal.
- d) Despite worldwide recession, the quantity sold during the current year stood at 4218.625 MT, when compared to 4180.37 MT during the previous year.
- e) The Interest & Finance charges increased to Rs.1152.74 lakhs due to high interest cost in respect of working capital and long term borrowing for our Egg Powder unit, Poultry Farm Unit and Feed Unit respectively.

Key Factors which affect the performance of the company in general

1. Adverse movement in Egg Powder rates and foreign exchange rates.
2. Volatility in prices of raw materials like egg etc.
3. Shortage of trained and specialized human capital, weak employee laws, frail logistics and supply chain system.
4. Capital intensive and lower margins business.
5. Increase in the cost of finance due to monetary policy of Apex Bank.

CAPITAL EXPENDITURE AND FUNDING:

- * The Capital Expenditure incurred and funded for the year is Rs.44.66 lakhs of which Rs.13.84 lakhs pertain to plant and machinery.
- * During the year under review, your company has sold /deleted /adjusted assets worth Rs.241.56 lakhs

OUTLOOK OF THE INDUSTRY:

The sales outlook for the year ending 31st March 2013 will be higher by 20 – 25% than the previous year. Egg processing industry is a raw material intensive industry and hence fluctuation in egg price widely influence cash position and operating margin of this industry. The shell egg price in Europe has increased considerably due to the cage regulation imposed from Jan 2012. Steady increase in shell egg price over years in India, especially steep increase during this year has reduced over profitability. Low cost of eggs in US, resulting in reduced egg product price by US resulting in stiff competition on price front especially in Japan and Europe. Reduced import duty and nil duty for certain countries in Japan is giving us stiff competition. At the same time, reduced restitution announced recently in Europe has given us a break. The exorbitant shell egg price throughout the financial year had a substantial adverse effect on the bottom line of the company for the current year. Indian egg processing industries do not have any domestic market for processed eggs and therefore the performance of the company is having a direct correlation

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to the performance of the global economy. Dollar/Euro Vs Indian rupee is comparatively better than the past and has given us some marginal increase in price realization.

Overall for the year 2012 -13, the company has evolved strategies in such a way to increase the selling price levels and volume with the existing buyers. Egg albumin price has increased by US \$ 2.0/kg is a good sign. Board of Directors' opined to cater for the domestic market by way of supplying pasteurized liquid eggs to Institutes, star hotels and bakeries. Huge potential is identified and we are very aggressive to captivate the market over a period of time. Similarly developing new products with additives in the egg liquid which can enhance the shelf life wherein we can also 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.

With our company's standing experience in the international market over the years, we had identified few reliable sources who will be able to help us in our operations at Russia. We believe that our direct contact with end users will give our company to have better realization and relationship. Board of Directors' suggested to make use of different agents in Russia to service our customers on commission basis on the business provided by them. With our experience in Europe and other markets, our directors are confident of establishing a market share in Russia having our office SKM Russia, taking advantage of better unilateral relationship our country had developed over these years. The expenses incurred for establishment of branch office at Russia has been accounted in Advances side. It will be accounted for during the year 2012-13 after getting certification from the Registered Accountant of Russia.

In addition to the organization efforts in Russia, our exclusive offices SKM Europe and SKM Japan are continuously working to expand our market with better realization. Board of Directors' are confident of increasing the volume and realization in the coming years with the help of the economic recovery in the US and the EU. We also continue to concentrate on synergy optimization issues to get optimum utilization of resources.

Other factors to be reckoned :

- a) Demand for the egg powder in the export market expected to improve substantially
- b) Recovery in global demand considered as a major growth driver
- c) High input costs including cost of raw material a major challenge to be faced by the players in the poultry sector during FY13
- d) Penetrating the Russian market would be the most important strategic focus of the company this year.
- e) Registered our poultry farms under compartmentalization /establishment .
- f) *Constant touch with the Government officials of both Russia and India to complete the veterinary certification and approval process for export to Russia.*
- g) The Egg powder sector had suffered a setback 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 in FY13.
- h) The company is looking at various options to improve the performance of the company.
- i) A major shift in the export market segment might be required to improve price realization and enhance operational efficiencies.
- j) Indian government subsidy helps us a lot to export more sales volume.

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FUTURE PROSPECTS

Reckoning with the customers' awareness improving year after for the quality parameters on the one hand and the pricing of the products on taking place in the supply side on the other hand, the future prospects of the company is ensured.

Though operating in a competitive environment, the uniqueness of the model ensures a comfortable level of net margin availability to your organization.

SALES AND MARKETING :

1. The success of our organization lies with the rapport we maintain with our customers to whom we are supplying for the past 15 years. Long term contract and repeat orders given by our customers shows our strength by delivering the quality product, and the services we cater to them. Marketing team regularly participate in food exhibitions and also visit the customers place at various countries to interact & to find the needs and requirements based on their end application. Success factor of this can be attributed to the newly developed egg based blended product for a particular application in a particular market sector. Recent boon to our growth came due to the fact of a niche market which we tapped based on the efforts put in by developing an extended shelf life product on egg liquid .
2. The efficiency of the marketing and sales network is a critical success factor for our Company. Our success lies in the strength of our relationship with our customers who have been associated with our Company for a long period.

SUBSIDIARY COMPANY:

The subsidiary helps the company in a big way in identifying new customers in Europe and improved the confidence level of customers through timely and qualitative services. The subsidiary is also taking initiatives to explore into markets which are untapped by the company till now.

HUMAN RESOURCES:

Your Company believes that its greatest assets are its people and training is an investment in long term people development, for organizational excellence. During the year under review, your Company has taken several new initiatives to ensure that the knowledge and wisdom gained over decades is handed down to the next generation of employees. A well balanced mix of domain knowledge and behavioral training was taken up towards talent transformation. These initiatives have paid good dividends in the form of a strong group of in-house facilitators of domain knowledge and an inspired team of employees geared **up to serve** the needs of your company's valued customer.

INTERNAL CONTROL SYSTEMS AND INTERNAL AUDIT:

The company maintains adequate internal control systems and the internal audit are handled by in-house audit system.

DIRECTORS:

The directors, Dr. L. M. Ramakrishnan and Smt. S. Kumutaavalli retire by rotation in the forthcoming Annual General Meeting. The retiring directors, being eligible, offer themselves for re-appointment in terms of Article Nos 87 and 96 of

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the Articles of Association of the company. Necessary resolutions are being moved to seek your approval at the ensuing Annual General Meeting of the company.

At the ensuing Annual General Meeting, Dr L M Ramakrishnan and Smt S Kumutaavalli, Directors of the company, retires by rotation and being eligible seeks re-appointment. Your Board recommends their re-appointment.

1. The Sri C. Devarajan B.E. a leading industrialist of this region and one of the pioneer of well known URC Group with a two and half decades of experience in the civil engineering industry, education, software, has been co-opted on the board of the company as an additional director on 6th August 2012 u/s. 260 of the Companies Act, 1956, with a view to avail of his rich experience for the development and growth of the company.
2. Your Directors wish to state that his appointed would be in the category as an Independent director and with his appointment the total strength of the board becomes 9 and the No. of Independent director stands at 4. Necessary revolutions is being moved at the ensuing AGM to seek your approval to appoint him as Director by complying provision to section 257 of the Act.

FIXED DEPOSITS:

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

CEO / CFO CERTIFICATION:

In compliance with the requirements of Clause 49 of the listing agreement entered into with the Stock Exchanges, the Managing Director has submitted to the Board a certificate relating to financial statements and other matters as envisaged in the said clause.

DELISTING OF COMPANY'S EQUITY SHARES:

The Equity Shares of the company is proposed to be delisted from the Bombay Stock Exchange Limited as there is no or negligible trading in the Company's Equity Shares in these Stock Exchanges. After delisting, if this proposal is approved by the members in the Annual General Meeting, the Equity Shares of the company will be continued to be listed in the National Stock Exchange of India Limited.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- i) That in the preparation of the accounts for the financial year ended March 31, 2012, the applicable accounting standards have generally been followed except for small deviations as explained in the Notes on accounts.
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii) That the Directors 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.

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iv) That the Directors have prepared the accounts for the financial year ended March 31, 2012 on a going concern' basis.

CORPORATE GOVERNANCE:

Your company reaffirms its commitment to the good corporate governance practices pursuant to Clause 49 of the Listing Agreement with- the Stock Exchanges. Corporate Governance Report is annexed to Directors' Report and Auditors' Certificate regarding compliance of the Corporate Governance is made a part of this Annual Report. The Certificate from the Auditors of the Company, M/s.N.C.Rajagopal & Co confirming compliance of conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

AUDITORS:

M/s.N.C.Rajagopal & Co., the present statutory auditors retire at the ensuing Annual General Meeting and are eligible for reappointment u/s 224(1B) of the Companies Act, 1956. The Company proposes to reappoint M/s.N.C.Rajagopal & Co., Chartered Accountants as Statutory Auditors of the company from the conclusion of the ensuing Annual General Meeting up to the conclusion of the next Annual General Meeting of the Company. In respect of the observations made by the Auditors in their report, your Directors wish to state that the respective notes to the accounts read with relevant Accounting policies are self explanatory and therefore do not call for any further comments.

SECRETARIAL AUDIT:

A qualified Practicing Company Secretary carries out a secretarial audit on a yearly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

SHAREHOLDER INITIATIVES :

Your company adheres strictly to all the statutory and other legal compliances. Your Company has been one of the first to implement any initiatives for shareholder benefit directed from SEBI. On occurrence of any event, which has a bearing on the share price or otherwise, your company intimates the stock exchanges, within the stipulated period. Your company has in place regulations for preventing and regulating insider trading and has adhered to a code of conduct and business ethics by which the shareholder is treated at par with an employee on availability of information about the company.

Your company has been prompt and regular in its replies to your queries. Your company also replies within the stipulated time to all legal and statutory authorities. The total numbers of shares dematted as on 31st March 2012 are shares which represent of the shares of the Company.

DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company strives to maintain healthy and harmonious relationships with all its employees. Efforts better ideas for a better plan are ongoing to build and renew the relationship with the workforce.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

CONSERVATION OF ENERGY

The company continuously puts its effort to adopt various energy saving measures for conservation of energy likes even though it is not a power intensive industry.

- 1) Started using wind energy to a tune of 55% by way of purchasing from third party
- 2) Started changing over to CFL Lighting system
- 3) Started introducing variable speed drive in different areas to save power

STATUTORY INFORMATION

Particulars of employee's remuneration u/s 217 (2A) of the Companies Act.1956.

NAME	AGE	DESIGNATION	GROSS REMUNERATION (Rs)	QUALIFICATION	EXPERIENCE IN YEARS	DATE OF EMPLOYMENT	PREVIOUS EMPLOYMENT
Shri.SKM. Maeilanandhan	69	Executive Chairman	29,90,110	S.S.L.C.	29 Years	26.06.96	Managing Director, SKM Animal Feeds and Foods (India) Ltd.,

CORPORATE SOCIAL OBJECTIVES

Corporate Social Responsibility continues to assume an important role in the activities of the Company. Afforestation, Water Management, Waste water recycling, Literacy and Health continue to be the chosen areas of work by the Company and its employees.

ACKNOWLEDGEMENT

The Directors wish to convey their appreciation to the Company's employees for the massive personal efforts as well as their collective contribution to the Company's record performance. The Directors would also like to thank the Customers, Shareholders, Bankers, and Suppliers for their continuous support given to the company and their confidence in the management.

Place : Erode

Date : 06.08.2012

By order of the Board

SKM Shree Shivkumar
Managing Director

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

CERTIFICATE OF THE AUDITORS TO THE SHAREHOLDERS OF **M/S. SKM EGG PRODUCTS EXPORT (INDIA) LIMITED ON** **CORPORATE GOVERNANCE**

To the members of SKM Egg Products Export (India) Limited,

We have reviewed the implementation of Corporate Governance by SKM Egg Products Export (India) Limited, during the year ended 31st March 2012 with the relevant records and documents maintained by the company, furnished to us for our review and report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

We have conducted our review on the basis of relevant records and documents maintained by the company and furnished to us for review and the information and explanation given to us by the company.

Based on such a review, in our opinion, the company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency of effectiveness with which the management has conducted the affairs of the company.

For **N.C.RAJAGOPAL & CO.,**
Chartered Accountants

Place : Erode
Date : 06.08.2012

N.C. SAMPATH
Membership No.009592.
Partner

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

We have audited the attached Balance Sheet of SKM EGG PRODUCTS EXPORT (INDIA) LIMITED, 185, Chennimalai Road, Erode – 638 001 as at 31st March 2012 and also the Profit and Loss Account for the year ended on that date annexed thereto and cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with audit standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 (As Amended) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph (1) above:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief where necessary for the purpose of our audit.
 - b. In our opinion, proper books of accounts as required by law have been kept by the company, so far as it appears from our examination of the books.
 - c. The Balance sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
 - d. On the basis of written confirmation received from the directors as on 31.03.2012 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31.03.2012 from being appointed as a director in terms of clause (g) of sub section (i) of section 274 of the Companies Act 1956.
 - e. In our opinion the profit and loss account and balance sheet comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said profit & loss account and the balance sheet read together with the notes thereon give the information required by the companies Act 1956 in the manner as required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
 - i. In the case of the Profit and Loss Account, of the Loss for the period ended 31st March 2012 and
 - ii. In the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2012
 - iii. In the case of cash flow statement, of the cash flows for the year ended on that date.

For **N.C. RAJAGOPAL & CO.**,
Chartered Accountants,

N.C. SAMPATH
(PARTNER)

Membership No.009592.

Place : Erode

Date : 06.08.2012

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

ANNEXURE

As required by the Companies (Auditors' report) Order, 2003, made by the central Government under section 227 (4 A) of the Companies Act, 1956, we state that:

1. a. The Company has maintained proper records showing full particulars including quantities details and situation of fixed assets.
- b. The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verifications
- c. Fixed assets of a substantial part, affecting the going concern, have not been disposed off during the year.
2. a. The Management has carried out physical verification of inventory at reasonable intervals.
- b. The procedure of verification of inventory followed by the Management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. a. The Company has not granted any secured or unsecured loans to Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies act, 1956.
- b. The Company during the year has taken Unsecured loan of Rs.0.55 Crores from the Managing Director Sri SKM. Shree Shivkumar and the interest on the loan being Rs. 0.74 Crores. The Balance outstanding as on 31.3.2012 is Rs.5 Crores. Also the company during the years has taken Rs.3.83 Crores from SKM Universal Marketing Company (Opening Balance) Outstanding Rs. 2.5 Crores and the interest on the loan being Rs.0.40 Crores and after repayment of Rs. 1.94 Crores the balance as on 31.3.2012 is Rs. 4.39 Crores.
- c. The rate of Interest and other terms and conditions of the above loan taken by the company are prima-facie not prejudicial to the interest of the company
4. In our opinion and according to the Explanation and Information given to us there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services and there is no continuing failure to correct major weaknesses in internal control system.
5. a. The particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register maintained under that section.
- b. Transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable, having regard to the prevailing marker prices at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion the company has an internal audit system commensurate with its size and nature of its business.
8. We have been informed that the Central Government has not prescribed maintenance of Cost Records under section 209(1) (d) of the Companies Act, 1956.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

9. a. According to the records of the company, Undisputed Statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues, to the extent applicable, have been generally regularly deposited with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2012 for a period of more than six months from the date they became payable.
- b. According to the information and explanation given to us, there are no undisputed amounts payable, in respect

Particulars	Period to which it Relates	Amount Due to be paid	Forum where the appeal is preferred
Excise Duty	1.8.2002 to 30.04.2003	Duty Rs. 23,156/- Interest Rs. 2,605/-	CESTAT, Chennai against the order of the Commissioner of Central Excise, Salem.
Excise Duty	April 2003 to April 2004	Rs. 64,288/-	CESTAT, Chennai against the order of the Commissioner of Central Excise, Salem
Excise Duty	May 2004 to March 2005	Rs.49,650/-	Commissioner of Central Excise, Salem
Excise Duty	June 2005 to May 2006	Rs.29,230/-	Commissioner of Central Excise Appeals, Salem.
Excise Duty	June 2006 to Feb 2007	Rs.54,245/-	Commissioner of Appeal, Salem.
Excise Duty	March 2007 to Dec 2007	Rs.73,874/-	Commissioner of Appeal, Salem
Excise Duty	January 2008 to June 2008	Rs.45,034/-	Commissioner of Central Excise Appeals, Salem
Excise Duty	July 2008 to March 2009	Rs.58,364/-	Commissioner of Central Excise Appeals, Salem
Excise Duty	April 2009 to Nov 2009	Rs.83,904/-	Commissioner of Central Excise Appeals, Salem
Excise Duty	Dec 2009 to July 2010	Rs.1,46,423/-	Commissioner of Central Excise Appeals, Salem
Excise Duty	Aug 2010 to Jan 2011	Rs.1,19,853/-	Commissioner of Central Excise Appeals, Salem
Excise Duty	Feb 2011 to Oct 2011	Rs.2,07,324/-	Commissioner of Central Excise Appeals, Salem
Service Tax	Jan 2005 to June 2005	Rs. 98,400/-	CESTAT, Madras.
Service Tax	July 2005 to Dec 2005	Rs.3,10,489/-	High Court of Madras.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Particulars	Period to which it Relates	Amount Due to be paid	Forum where the appeal is preferred
Service Tax	July 2005 to March 2006	Rs.1,01,786/-	High Court of Madras.
Service Tax	Jan 2006 to March 2006	Rs.4,82,328/-	High Court of Madras.
Service Tax	April 2006 to Sep 2006	Rs.1,97,293/-	High Court of Madras.
Service Tax	Oct 2006 to Dec 2006	Rs.3,63,898/-	High Court of Madras.
Service Tax	Jan 2007 to March 2007	Rs.4,36,775/-	High Court of Madras.
Service Tax	April 2007 to Sep 2007	Rs.4,89,366/-	High Court of Madras.
Service Tax	Oct 2007 to Jan 2008	Rs.4,33,443/-	High Court of Madras.
Service Tax	Feb 2008 to March 2008	Rs.6,05,640/-	High Court of Madras.
Income Tax	Asst. Year 2007-08	Rs.88,98,293/-	Income Tax Appellate Tribunal, Chennai (Special Bench)
Income Tax	Asst. Year 2008-09	Rs.2,70,07,726/- (Net of Recovery)	Income Tax Appellate Tribunal, Chennai (Special Bench) - Stay granted by the Madras High court for the Ay 2008-2009 and stay granted by AO for the AY 2007-2008.

of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs duty and Cess, were in arrears as at March 2012, for a period of more than six months from the date they become payable except the following payments, the details for which are given below:

10. Based on our Audit procedures and on the basis of information and explanation given to us by are the Management, we are of the opinion that the Company has not defaulted in repayment of dues to Financial Institution or banks.
11. In our opinion and on the basis of information and explanation given to us by the Management, no loans and advances have been granted on the basis of security by way of pledge of shares, debentures and other securities and hence maintenance of adequate documents and records for such cases does not arise.
12. The Company does not have any Accumulated losses. The Company has incurred cash loss of Rs.8.14 crores during the year covered by our audit and the immediately preceding financial year.
13. According to the information and explanation given to us by the Management, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

14. The company is not a chit fund, Nidhi or Mutual benefit Society. Hence the requirement of item (xiii) of paragraph 4 of the Order is not applicable to the company.
15. In our opinion, the company is not dealing in or trading in shares, Securities, Debentures and other Investments. Accordingly the provisions of clause 4[xiv] of the companies [Auditor's Report] Order 2003 are not applicable to the company.
16. As per the information and explanations given to us, Term Loans borrowed by the company were applied for the purposes for which the loans were obtained.
17. As per the information and explanations given to us, funds raised on short Term basis have not been used for Long Term Investments.
18. On the basis of the information and explanations furnished by the company no fraud on or by the Company has been noticed or reported during the year.
19. According to the information and explanations given to us no preferential allotment of shares has been made by the company to companies, firms, or parties listed in the register maintained under section 301 of the Companies Act 1956.
20. The company has not issued any debentures. Hence the requirement of clause (xix) of paragraph 4 of the Order is not applicable to the company.
21. During the period covered by our audit report, the company has not raised any money by public issue.

For **N.C. RAJAGOPAL & CO.**,
Chartered Accountants,

Place : Erode
Date : 06.08.2012

N.C. SAMPATH
(PARTNER)
Membership No.009592.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

BALANCE SHEET AS AT 31st MARCH, 2012

(Amount in Rs.)

Particulars	Note No.	31.03.2012	31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	26,33,00,000	263,300,000
(b) Reserves and Surplus	4	108,935,491	225,096,312
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	5(a)	499,773,552	486,929,411
(b) Deferred Tax Liabilities (Net)	5(b)	15,673,172	6,96,54,640
(c) Long Term Provisions	5(c)	32,43,160	23,44,209
(3) Current Liabilities			
(a) Short-Term Borrowings	6(a)	376,865,901	409,957,602
(b) Trade Payables	6(b)	148,773,893	103,695,772
(c) Other Current Liabilities	6(c)	38,423,629	78,12,550
(d) Short-Term Provisions	6(d)	40,44,714	38,35,161
Total Equity & Liabilities		145,90,33,512	157,26,25,657
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
a) Tangible Assets (Not Under Lease)	7(a)	923,064,875	100,83,45,116
b) Tangible Assets (Under Lease)	7(b)	2,48,02,994	2,61,66,817
c) Capital work in Progress	7(c)	-	38,851
d) Live Birds Stock	7(d)	1,33,34,443	89,58,860
		961,202,312	104,35,09,644
(b) Non-current investments	7(e)	8,32,779	8,32,779
(c) Long term loans and advances	7(f)	8,17,42,097	9,96,57,140
(d) Other non-current assets	7(g)	1,18,45,572	1,18,45,572
(2) Current Assets			
(a) Inventories	8(a)	185,569,948	213,775,479
(b) Trade receivables	8(b)	5,82,78,320	8,68,91,291
(c) Cash and cash equivalents	8(c)	4,88,65,651	2,37,01,282
(d) Short-term loans and advances	8(d)	28,13,322	11,51,555
(e) Other current assets	8(e)	107,883,511	9,12,60,915
Total Assets		145,90,33,512	157,26,25,657

See accompanying Notes to Financial Statements

For **N.C.RAJAGOPAL & CO.,**
Chartered Accountants

N.C. SAMPATH B.Com., F.C.A.,
Partner
Membership No. 009592
Firm Reg No. 003398S

Place : Erode
Date : 06.08.2012

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

SKM.MAEILANANDHAN
Executive Chairman

SKM. SHREE SHIVKUMAR
Managing Director

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2012

(Amount in Rs.)

Sr. No.	Particulars	Note No.	31.03.2012	31.03.2011
I	Revenue from operations	9	126,52,52,830	115,44,52,643
II	Other Income	10	(2,18,40,132)	5,66,31,868
III	Total Revenue (I +II)		124,34,12,698	121,10,84,511
IV	Expenses:			
	Cost of materials consumed	11	103,85,46,002	91,18,87,351
	Purchase of Stock-in-Trade		-	-
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	12	1,66,18,278	8,21,24,462
	Employee Benefit Expense	13	5,99,19,137	6,74,61,411
	Financial Costs	14	11,52,77,009	8,47,52,126
	Depreciation and Amortization Expenses	15	9,00,73,490	8,60,69,968
	Other Expenses	16	9,44,51,987	11,08,86,379
	Total Expenses (IV)		141,48,85,903	134,31,81,697
V	Profit before exceptional and extraordinary items and tax	(III - IV)	(17,14,73,205)	(13,20,97,186)
VI	Exceptional Items		-	-
VII	Profit before extraordinary items and tax (V-VI)		(17,14,73,205)	(13,20,97,186)
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII - VIII)		(17,14,73,205)	(13,20,97,186)
X	Tax expense:			
	(1) Current tax	17	(13,30,916)	0
	(2) Deferred tax	18	(53,981,468)	(3,88,44,010)
XI	Profit/(Loss) from the period from continuing operations		(11,61,60,821)	(9,32,53,176)
XII	Profit/(Loss) from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	Profit / (Loss) from Discontinuing operations (XII-XIII)		-	-
XV	Profit / (Loss) for the period		(11,61,60,821)	(9,32,53,176)
XVI	Earning per equity share of face value Rs.10 each			
	Earning per equity share:	19		
	(1) Basic		(4.41)	(3.54)
	(2) Diluted		(4.41)	(3.54)

See accompanying Notes to Financial Statements

For **N.C.RAJAGOPAL & CO.,**
Chartered Accountants

N.C. SAMPATH B.Com., F.C.A.,
Partner
Membership No. 009592
Firm Reg No. 003398S

Place : Erode
Date : 06.08.2012

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

SKM.MAEILANANDHAN
Executive Chairman

SKM. SHREE SHIVKUMAR
Managing Director

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 01.04.2011 TO 31.03.2012

(Rs. in Lacs)

Particulars	2011-12		2010-11	
A. CASH FLOW FROM OPERATING ACTIVITIES (INDIRECT METHOD)				
Profit After Tax		(1,161.61)		(932.53)
Adjustments for :		--		--
Depreciation	715.26		696.96	
(Profit) / Loss on Sale of Fixed Assets	(33.16)		(12.83)	
Deferred Tax Asset	(539.81)		(388.44)	
Amortisation of Expenses	185.47		--	
Interest Expenses	363.34		432.08	
Interest Income	(16.65)	674.46	(27.78)	699.99
Operating Profit before Working Capital Changes		(487.15)		(232.54)
Adjustments for :				
Increase / (Decrease) in Trade and other Receivable	282.44		(377.98)	
Increase / (Decrease) in Inventories	282.06		873.51	
(Increase) / Decrease in Trade and other payables	436.95	1001.45	255.70	751.23
Cash generated from operations	--	514.30	--	518.69
Direct Taxes paid		--		(5.45)
Cash Flow before Extra-ordinary Items		514.30		513.25
Net Cash Flow from Operating Activities		514.30		513.25
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase / Increase in fixed assets		(44.27)		(529.42)
Amortisation of Birds		(229.23)		--
Sale of Fixed Assets		195.84		14.34
Profit on Sale of Assets		33.16		--
Interest and Dividend received		16.65		27.78
Net Cash (used in) received from Investing Activities		(27.86)		(487.30)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Interest paid for Term Loan		(363.34)		(227.57)
Increasing / (Decrease) Bank Borrowings		28.55		(356.52)
Other Borrowings		100.00		499.21
Net cash (used in) received from Financing Activities		(234.80)		(84.87)
Net increase / (Decrease) in cash and cash equivalents		251.64		(58.92)
Opening Cash and Cash equivalents		237.01		295.93
Closing Cash and Cash equivalents		488.66		237.01

For and on behalf of the Board

SKM.MAEILANANDHAN

Executive Chairman

AUDITORS' CERTIFICATE

SKM. SHREE SHIVKUMAR

Managing Director

We have examined the Cash Flow Statement of M/s. SKM Egg Products Export (India) Limited for the year ended 31st March 2012. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement with the Stock Exchanges and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report dated 06.08.2012 to the Members of the Company.

For **N.C.RAJAGOPAL & Co.**,
Chartered Accountants

Place : Erode

Date : 06.08.2012

N.C. SAMPATH B.Com., F.C.A.,
Partner
Membership No. 009592
Firm Reg No. 003398S

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

We have audited the attached Consolidated Balance Sheet of SKM EGG PRODUCTS EXPORT (INDIA) LIMITED (the Company) as at 31st March 2012, and the Consolidated Profit and Loss Account and the consolidated cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiary whose financial statements and other financial information has been compiled by other auditors whose report has been furnished to us and our opinion is based solely on the report of the other auditor.

We report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, issued by the Institute of Chartered Accountants if India.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India :-

- i. In the case of the Consolidated Profit and Loss Account, of the Loss of the SKM Group for the year ended on the date.
- ii. In the case of the Consolidated Balance Sheet, of the state of affairs of the SKM Group as at 31st March 2012.
- iii. In the case of Consolidated cash flow statement, of the cash flows of the SKM Group for the year ended on that date.

For **N.C. RAJAGOPAL & CO.,**
Chartered Accountants

N.C. SAMPATH
(PARTNER)
Membership No. 009592.
Place : Erode
Date : 06.08.2012

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2012

(Amount in Rs.)

Particulars	Note No.	31.03.2012	31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	26,33,00,000	26,33,00,000
(b) Reserves and Surplus	4	11,78,19,490	22,79,97,027
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	5(a)	49,97,73,552	50,38,41,969
(b) Deferred Tax Liabilities (Net)	5(b)	1,56,73,172	6,96,54,640
(c) Long Term Provisions	5(c)	32,43,160	23,44,209
(3) Current Liabilities			
(a) Short-Term Borrowings	6(a)	38,44,29,055	40,99,57,602
(b) Trade Payables	6(b)	33,22,62,568	19,56,59,038
(c) Other Current Liabilities	6(c)	4,14,75,371	1,60,21,029
(d) Short-Term Provisions	6(d)	1,23,63,164	95,01,836
(e) Minority Interest	6(e)	17,14,726	6,58,853
Translation Reserve		35,86,080	1,15,49,025
Total Equity & Liabilities		167,56,40,339	171,04,85,227
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
a) Tangible Assets (Not Under Lease)	7(a)	92,30,89,865	100,83,71,722
b) Tangible Assets (Under Lease)	7(b)	2,48,02,994	2,61,66,817
c) Capital work in Progress	7(c)	-	38,851
d) Live Birds Stock	7(d)	1,33,34,443	89,58,860
Total		96,12,27,302	104,35,36,250
(b) Long term loans and advances	7(e)	9,31,98,263	10,02,54,486
(c) Other non-current assets	7(f)	1,18,45,572	1,18,45,572
(2) Current Assets			
(a) inventories	8(a)	30,26,32,427	31,48,70,574
(b) Trade receivables	8(b)	14,43,56,736	12,12,50,121
(c) Cash and cash equivalents	8(c)	4,89,49,706	2,63,15,754
(d) Short-term loans and advances	8(d)	55,46,823	11,51,555
(e) Other current assets	8(e)	10,78,83,511	9,12,60,915
Total Assets		167,56,40,339	171,04,85,227

See accompanying Notes to Financial Statements

For **N.C.RAJAGOPAL & CO.**,
Chartered Accountants

N.C. SAMPATH B.Com., F.C.A.,
Partner
Membership No. 009592
Firm Reg. No. 003398S

Place : Erode
Date : 06.08.2012

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

SKM.MAEILANANDHAN
Executive Chairman

SKM. SHREE SHIVKUMAR
Managing Director

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2012

(Amount in Rs.)

Sr. No.	Particulars	Note No.	31.03.2012	31.03.2011
I	Revenue from operations	9	142,49,79,987	126,66,69,721
II	Other Income	10	(2,17,80,169)	5,94,23,167
III	Total Revenue (I +II)		140,31,99,818	132,60,92,888
IV	<u>Expenses:</u>			
	Cost of materials consumed	11	115,58,03,195	99,80,07,690
	Purchase of Stock-in-Trade	-	--	--
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	12	89,12,664	7,45,43,577
	Employees Benefit Expenses	13	5,99,19,137	6,74,61,411
	Financial Costs	14	11,67,28,347	8,48,09,226
	Depreciation and Amortization Expenses	15	9,00,75,106	8,60,71,584
	Other Expenses	16	13,53,36,348	14,19,23,439
	Total Expenses (IV)		156,67,74,796	145,28,16,928
V	Profit before exceptional and extraordinary items and tax (III - IV)		(16,35,74,978)	(12,67,24,040)
VI	Exceptional Items		-	-
VII	Profit before extraordinary items and tax (V-VI)		(16,35,74,978)	(12,67,24,040)
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII - VIII)		(16,35,74,978)	(12,67,24,040)
X	<u>Tax expense:</u>			
	(1) Current tax	17	(4,71,847)	17,91,540
	(2) Deferred tax	18	(5,39,81,468)	(3,88,44,010)
XI	Profit(Loss) for the year (before adjustment for Minority Interest)	(IX-X)	(10,91,21,664)	(8,96,71,570)
XII	Profit(Loss) from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	Profit / (Loss) from Discontinuing operations (XII-XIII)		-	-
	Add (+) / Less (-) Minority Interest	6 (e)	1,055,874	537,241
XV	Profit / (Loss) for the year (after adjustment for Minority Interest)		(11,01,77,537)	(90,208,811)
XVI	Earning per equity share of face value Rs.10 each	19		
	Earning per equity share:			
	(1) Basic		(4.18)	(3.43)
	(2) Diluted		(4.18)	(3.43)

See accompanying Notes to Financial Statements

For **N.C.RAJAGOPAL & CO.,**

Chartered Accountants

N.C. SAMPATH B.Com., F.C.A.,

Partner

Membership No. 009592

Firm Reg. No. 003398S

Place : Erode

Date : 06.08.2012

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

SKM.MAEILANANDHAN

Executive Chairman

SKM. SHREE SHIVKUMAR

Managing Director

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 01.04.2011 TO 31.03.2012

(Rs. in Lacs)

Particulars	2011-12		2010-11	
A. CASH FLOW FROM OPERATING ACTIVITIES (INDIRECT METHOD)				
Profit After Tax		(1,091.22)		(896.71)
Adjustments for :		--		--
Depreciation	715.26		696.97	
(Profit) / Loss on Sale of Fixed Assets	(33.16)		(12.83)	
Deferred Tax Asset	(539.81)		(388.44)	
Amortisation of Expenses	185.47		--	
Interest Expenses	363.34		432.08	
Interest and Lease Receipt	(16.65)	674.46	(45.86)	681.92
Operating Profit before Working Capital Changes		(416.76)		(214.79)
Adjustments for :				
Increase / (Decrease) in Trade and other Receivable	(370.68)		110.37	
Increase / (Decrease) in Inventories	122.38		190.02	
(Increase) / Decrease in Trade and other payables	1247.55	999.25	193.50	493.88
Cash generated from operations	--	582.49	--	279.09
Direct Taxes paid		--		12.48
Net Cash Flow from Operating Activities		582.49		291.58
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase / Increase in fixed assets		(44.27)		(529.42)
Amortisation of Birds		(229.23)		--
Sale of Fixed Assets		195.84		14.34
Profit on Sale of Assets		33.16		--
Interest and Lease Rent Receipt		16.65		45.86
Net Cash (used in) received from Investing Activities		(27.86)		(469.22)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Interest paid for Term Loan		(363.34)		(227.57)
Increasing / (Decrease) Bank Borrowings		104.18		(356.52)
Other Borrowings		(69.13)		668.34
Net cash (used in) received from Financing Activities		(328.29)		84.25
Net Increase / (Decrease) in cash and cash equivalents		226.34		(93.40)
Opening Cash and Cash equivalents		263.16		356.56
Closing Cash and Cash equivalents		489.50		263.16

For and on behalf of the Board

SKM.MAEILANANDHAN

Executive Chairman

AUDITORS' CERTIFICATE

SKM. SHREE SHIVKUMAR

Managing Director

We have examined the Cash Flow Statement of M/s. SKM Egg Products Export (India) Limited for the year ended 31st March 2012. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement with the Stock Exchanges and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report dated 06.08.2012 to the Members of the Company.

Place : Erode

Date : 06.08.2012

For **N.C. RAJAGOPAL & CO.**,
Chartered Accountants

N.C. SAMPATH B.Com., F.C.A.,
Partner
Membership No. 009592
Firm Reg No. 003398S

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Registered Office : 185, Chennimalai Road, Erode - 638 001

ATTENDANCE SLIP

Regd. Folio No./ Client ID / DP ID No.:

**Seventeenth Annual General Meeting on Saturday, the 29th September, 2012 at 4.00 p.m.
at N.S.A. Mahal, Club Melaange, 314, 315 Perundurai Road, Erode - 638 011.**

I hereby record my presence at the 17th ANNUAL GENERAL MEETING of the Company held at N.S.A. Mahal, Club Melaange, 314, 315 Perundurai Road, Erode - 638 011, on Saturday, the 29th September, 2012 at 4.00 p.m.

I am a shareholder of the Company*

I am a Proxy/Authorised Representative of the shareholder(s)*

My name is

* Please strike off any one which is not applicable

Signature

Request to Members :

1. Shareholders and proxies should bring the attendance slip duly filled-in for attending the Meeting and hand it over at the entrance of the Meeting Hall.
2. Members are requested to avoid being accompanied by non-members and/or children.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Registered Office : 185, Chennimalai Road, Erode - 638 001.

PROXY

Regd. Folio No./ Client ID / DP ID No.....

No. of Shares Held :

I/We of in the district of

..... being a member/members of SKM EGG PRODUCTS

EXPORT (INDIA) LIMITED, hereby appoint of

in the district of or failing him of in

the district of as my/our Proxy to vote for me/us on my/our behalf at the 16th

Annual General Meeting of the Company to be held on Friday, 30th September, 2011 at 4.00 p.m. and

at any adjournment thereof.

Signed this day of2012

Signature



Note: The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

If undelivered, please return to :



SKM EGG PRODUCTS

THINKING OUT OF THE SHELL

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

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 : 638 001
Website : www.skmegg.com