



SKMEGG/SEC/NSE/BSE/AR/2021

Sep 03, 2021

To,

National Stock Exchange of India Limited
Exchange Plaza,
Plot No:C/G Block
Bandra Kurla Complex
Mumbai-400 051

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai-400 001

Dear Sirs,

Sub: Disclosure under Regulation 34 (1) of SEBI (LODR) Regulations, 2015
Ref: SKMEGGPROD (NSE)/ Scrip Code: 532143(BSE)

This is to inform you that pursuant to Regulation 34 (1) of SEBI (LODR) Regulations, 2015, we would like to submit the copy of Annual Report for the financial year 2020-21.

Moreover, the copy of the Annual Report for the financial year 2020-21 is being sent to the members to their respective registered E-mail Id's and the same is made available on the Company's website www.skmeegg.com.

This is for your kind information and records.

Yours Faith fully
For SKM Egg Products Export (India) Limited

P Sekar
Company Secretary
(ICSI Membership No.F10744)

Encl: as above

SKM EGG PRODUCTS

THINKING OUT OF THE SHELL

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

CIN L01222TZ1995PLC006025 GSTIN : 33AACCS7106G1ZO PAN : AACCS7106G

Registered Office: 133, 133/1, Gandhiji Road, Erode - 638 001 Tamil Nadu India. Tel: +91 424 2262963

Factory : Erode - Karur Main Road, Cholangapalayam, Erode - 638 154, Tamil Nadu, India Tel +91 424 2351532 - 33 Web www.skmeegg.com





SKM EGG PRODUCTS

THINKING OUT OF THE SHELL

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

26th Annual Report

2020-2021

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



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SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

CIN : L01222TZ1995PLC006025

REGD. OFFICE : 133, 133/1, GANDHIJI ROAD, ERODE - 638 001.

| | | | |
|--------------------------------|---|--|--|
| OUR BOARD OF DIRECTORS | : | SHRI. SKM MAEILANANDHAN SHRI. SKM SHREE SHIVKUMAR SMT. SHIVKUMAR KUMUTAAVALLI DR. L.M. RAMAKRISHNAN SHRI.C.DEVARAJAN SHRI. B. RAMAKRISHNAN (upto 12th May 2021) SHRI. D. VENKATESWARAN SHRI. T.N. THIRUKUMAR SHRI. G.N. JAYARAM SMT. A.R. RAJALAKSHMI (w.e.f. 28.07.2021) | (DIN:00002380) (DIN:00002384) (DIN:00002390) (DIN:00001978) (DIN:00109836) (DIN:00182214) (DIN:05170759) (DIN:00124793) (DIN:08521023) (DIN:09213839) |
| EXECUTIVE CHAIRMAN | : | SHRI. SKM MAEILANANDHAN | (DIN:00002380) |
| MANAGING DIRECTOR | : | SHRI. SKM SHREE SHIVKUMAR | (DIN:00002384) |
| CHIEF FINANCIAL OFFICER | : | SHRI. K.S.VENKATACHALAPATHY | |
| COMPANY SECRETARY | : | SHRI. P. SEKAR | |
| STATUTORY AUDITOR | : | SHRI. PRASANNA VENKATESAN, B.Com., ACA., 302(D) INDIAN NAGAR 9TH STREET, 46 PUDUR POST, ERODE - 638 002. | |
| SECRETARIAL AUDITOR | : | SHRI.V.RAMKUMAR, M.A., CAIIB, FCS, COMPANY SECRETARY IN PRACTICE, 160/18-A, SRINIVASA TRADE CENTRE (1st Floor) RAMALINGAM ROAD (East),R.S.PURAM, COIMBATORE - 641002. | |
| BANKERS | : | STATE BANK OF INDIA COMMERCIAL BRANCH SATHY MAIN ROAD ERODE - 638 003. | |
| REGISTERED OFFICE | : | 133,133/1, GANDHIJI ROAD, ERODE - 638 001. | |
| FACTORY | : | ERODE TO KARUR MAIN ROAD, CHOLANGAPALAYAM, PUNJAI KILAMBADI VILLAGE, ERODE - 638 154. | |

NOTICE OF 26TH ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of SKM Egg Products Export India Limited will be held on Wednesday, September 29, 2021 at 4.00 p.m. (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. Adoption of Financial Statements and Reports of the Directors and Auditors

To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Financial Statements of the Company for the year ended 31st March, 2021 including Audited Balance Sheet as at 31st March, 2021, Statement of Profit and Loss, Cash Flow Statement and Consolidated Financial Statements for the year ended on that date, together with the Directors' Report and the Auditors' Report thereon as presented to the meeting, be and are hereby, approved and adopted."

2. Declaration of Dividend

To declare a dividend of Rs.1 per equity share of the face value of Re. 10 each, of the Company for the financial year ended March 31, 2021.

3. Re-appointment of Mrs S Kumutaavalli, as Non- Executive Director

To consider and if thought it, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mrs. S. Kumutaavalli (holding DIN: 00002390), director, who retires by rotation and being eligible, offers herself for re-appointment, be and is hereby re-appointed as a director of the Company."

SPECIAL BUSINESS:

4. Re-appointment of Shri SKM Maeilanandhan (DIN 00002380), as Executive Chairman of the Company.

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Articles of Association of the Company and based on the recommendation of Nomination and Remuneration Committee and approval of Board of Directors, consent and approval of the Members, be and is hereby accorded for re-appointment of Shri SKM Maeilanandhan, as Executive Chairman (designated as "Executive Chairman") of the Company with effect from 25th June 2021 to 24th June 2026, on the terms and conditions including the payment of remuneration as set out in the Explanatory Statement forming part of the Notice convening this AGM"

"RESOLVED FURTHER THAT subject to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company be and are hereby authorised to alter and vary the terms and conditions of re-appointment including revision in the remuneration of Shri SKM Maeilanandhan, from time to time, to the extent the Board of Directors may

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

deem appropriate, during his tenure as Whole-time Director of the Company, provided that such revision in remuneration does not exceed the limits approved by the Members and as prescribed under Section 197 read with Schedule V of the Act or any other statutory modification(s) or re-enactment(s) thereof.”

“RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the tenure of Shri SKM Maeilanandhan as Whole-time Director, the remuneration as provided in the Explanatory Statement forming part of this Notice or the revised remuneration as approved by the Board of Directors, from time to time, to be paid to Shri SKM Maeilanandhan be considered as minimum remuneration, subject to such approvals as may be necessary and the limits prescribed under Section 197 read with Schedule V of the Act”

“RESOLVED FURTHER THAT the Board of Directors and/or Company Secretary of the Company be and are hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

5. Approval of Material Related Party Transactions

To consider and, if thought fit, to pass the following resolution with or without modification as a ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of section 188 of the Companies Act, 2013, and pursuant to Regulation 23 of SEBI (Listing Obligations and disclosures requirements) Regulations 2015 (including any amendments, modifications, or re-enactments thereof), and on the recommendation by the Audit Committee, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company for transfer or receipt of products, goods, materials, services or other resources and obligations for the Financial Year 2020-2021 and subsequent Financial Years exceeding ten percent of the annual consolidated turnover of the Company, as per the last audited financial statements of the Company relevant for the respective Financial Years on such terms and conditions as may be mutually agreed between the Company and Related Parties in the ordinary course of business other than transaction which are not on arm's length basis or otherwise.”

“RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to decide upon the nature and value of the products, goods, materials, services or other resources and obligations to be transacted with Related Party and to do and perform all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this Resolution.”

Place : Erode

Date : 28.07.2021

By Order of the Board
SKM Shree Shivkumar
Managing Director
(DIN : 00002384)

Notes:

1. In view of the global outbreak of the Covid-19 pandemic, social distancing is a norm to be followed. Accordingly, the Ministry of Corporate Affairs ("MCA") vide its General Circular Nos. 14/ 2020 dated April 8, 2020 and 17/ 2020 dated April 13, 2020, followed by General Circular No. 20/2020 dated May 5, 2020 read with General Circular No.02/2021 dated January 13, 2021 (collectively referred to as "MCA Circulars") has permitted the holding of the annual general meeting through Video Conferencing ("VC") or through Other Audio-Visual Means ("OAVM"), without the physical

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presence of the Members at a common venue. The Securities and Exchange Board of India ("SEBI") vide its circular dated January 15, 2021 read with May 12, 2020 ("SEBI Circulars") has granted relaxation in respect of sending physical copies of annual report to shareholders and requirement of proxy for general meetings held through electronic mode.

In compliance with the provisions of the Companies Act, 2013 ("the Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and MCA Circulars and SEBI Circulars, the 26th Annual General Meeting ("Meeting" or "AGM") of the Company is being held through VC / OAVM on **Wednesday, September 29, 2021 at 4.00 p.m.(IST)**. The proceedings of AGM deemed to be conducted at the Registered Office of the Company situated at **133,133/1, Gandhiji Road, Erode - 638 001**.

- Pursuant to the provisions of the act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the company. Since this AGM is being held pursuant to the MCA circulars through VC or OAVM, the requirement of physical attendance of members has been dispensed with. Accordingly, in terms of the MCA circulars and the SEBI circulars, the facility for appointment of proxies by the members will not be available for this AGM and hence the proxy form, attendance slip and route map of AGM are not annexed to this notice.
- Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy(PDF/JPG Format) of its Board or governing body Resolution /Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to **acsramkumar@gmail.com** with a copy marked to **evoting@nsdl.co.in**
- The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- The explanatory statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the Meeting is annexed.
- The Members can join the AGM through VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. Pursuant to Regulation 44(6) of Listing Regulations, the Company is also providing live webcast of proceedings of the AGM. The Members will be able to view the proceedings on National Securities Depository Limited's ('NSDL') e-Voting website at **www.evoting.nsdl.com**. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 Members on a first come first served basis as per the MCA Circulars. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- The Register of Members and Share Transfer Books of the Company will remain closed from **23rd September 2021 to 29th September 2021** (Both days inclusive) for the purpose of AGM and payment of final dividend for the financial year ended March 31, 2021, if approved at the AGM.

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8. Members are requested to intimate the Registrar and Transfer Agent viz., **S.K.D.C. Consultants Limited, "Surya", 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore-641028, Tamil Nadu (RTA)**, of any change in their address/details regarding their Bank Account number, Name of the Bank, Bank's Branch name and address to enable the Company to make electronic remittance of dividend or alternatively, for incorporating in the dividend warrants, in future. For shares held in dematerialised form, change in address / Bank account particulars may be intimated directly to the Member's respective Depository Participant(s).
9. According to Section 124 of the Companies Act, 2013, till the financial year **2020-2021**, the unclaimed dividend for seven consecutive years has been transferred to the Investor Education and Protection Fund (IEPF) constituted by the Central Government and transferring of shares did not arise.
10. Nomination facility is available to the members holding shares in physical form and the members are encouraged to nominate a person to whom their shareholding in the Company shall vest in the event of their demise. Nomination forms will be sent to the Members, on request, by the RTA.
11. It is mandatory for the transferees to furnish self-attested copy of the PAN (Permanent Account Number) card to the Company /RTA for registration of transfer/ transmission/transposition of shares in the physical form as per SEBI directive.
12. Further, pursuant to the MCA Circulars and SEBI Circulars, the Notice of the AGM along with the Annual Report for FY 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / the Registrar / Depositories. The Notice convening the AGM has been uploaded on the website of the Company at www.skmeegg.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.
13. Members who have not registered their e-mail addresses with the Company or with the Depositories and wish to receive the aforesaid documents are required to send an e-mail to **shares@skmeegg.com** for registering their e-mail addresses.
14. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
15. All documents referred in the accompanying Notice and the Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.30 a.m. to 5.30 p.m.) on all working days except Saturdays and Sundays, up to and including the date of the AGM.
16. Instructions for e-voting and joining the AGM are annexed to this notice
17. Pursuant to the Income-tax Act, 1961 read with the Finance Act, 2020, dividend income is taxable in the hands of the Members with effect from 1st April, 2020 and the Company is required to deduct tax at source from such dividend at the prescribed rates.

Place : Erode
Date : 28.07.2021

By Order of the Board
SKM Shree Shivkumar
Managing Director
(DIN : 00002384)



EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ("THE ACT")

As required by Section 102 of the Act, the following explanatory statement sets out all material facts relating to the businesses mentioned under Item Nos. 4 & 5 of the accompanying Notice

4. Re-Appointment of Executive Chairman:

Shri SKM Maeilanandhan appointed as the Executive Chairman by the members of the company at 21st AGM held on 02nd September 2016, for a period of five years from June 25, 2016 to June 24, 2021.

Based on the recommendation of the Nomination and Remuneration Committee, considering his background, contribution, experience in the Industry and has been involved in the operations of the Company over a long period of time, and in the best interest of the company, the Board, at its meeting held on 26th May 2021, subject to approval of the Members of the Company approved the reappointment of Shri SKM Maeilanandhan, as Executive Chairman (designated as "Executive Chairman") of the Company for a further period of five years with effect from 25th June 2021 to 24th June 2026 upon the following terms and conditions.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The details of remuneration payable to Shri. SKM Maeilanandhan is given below:

- I. Basic Pay Rs 1,90,000/- per month
- II. House Rent Allowance at 20% of the Basic pay.
- III. Reimbursement of Medical Expenses for self and family.
- IV. Reimbursement of expenditure incurred towards, not exceeding 10% of the Basic Pay, gas, electricity, water and furnishing.
- V. Payment of club fees, other than admission and life membership fees, subject to a maximum of two clubs.
- VI. Personal Accident Insurance Premium up to Rs 10,000/- per annum.
- VII. Leave Travel Concession for self and family members according to the rules of the Company.
- VIII. Shri SKM Maeilanandhan shall be eligible to the following perquisites, which shall not be included in the computation of remuneration specified above.
 - a. Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act 1961.
 - b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
 - c. Encashment of Leave at the end of the tenure.

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- IX. The Company shall provide a car for official use on Company's business and telephone at the residence of Shri. SKM Maeilanandhan.

The Board recommends the Special Resolution set out at Item No. 4 of the Notice for approval by the Members

Except Shri. SKM Maeilanandhan, Shri. SKM Shree Shivkumar and Smt S. Kumutaavalli , none of the other Directors, Key Managerial Personnel of the Company, or their respective relatives are concerned or interested in the Resolution mentioned at Item No. 4 of the accompanying Notice.

Disclosures, as required under Regulation 36 of the Listing Regulations and Secretarial Standard -2 on General Meetings issued by the Institute of Company Secretaries of India, are annexed to this Notice.

5.Approval of Material Related Party Transactions

In terms of the Listing Regulations, the contracts, arrangements and transactions relating to transfer or receipt of products, goods, materials, services, other resources and obligations with Related party are material in nature if the transactions entered into or to be entered into individually or taken together with previous transactions during the financial year exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. Accordingly, the contracts, arrangements and transactions with Related Party require the approval of Members of the Company through Ordinary Resolution and the related parties shall abstain from voting on such Resolutions.

The particulars of contracts, arrangements and transactions are as under:

a) Name of the Related Party:

1. SKM Siddha and Ayurvedha Company (India) Private Limited
2. SKM Animal Feeds and Foods (India) Private Limited
3. SKM Universal Marketing Company (India) Private Limited
4. Shri. SKM Shree Shivkumar (Managing Director)-KMP
5. Shri. SKM Maeilanandhan (Executive Chairman)-KMP
6. SKM Europe BV, Utrecht, The Netherlands.

(b) Description of Relationship between the parties:

Entities in which Directors are interested and Presumption of significant influence

(c) Name of the Director or Key Managerial Personnel (KMP) who is related:

Shri. SKM Shree Shivkumar, Shri. SKM Maeilanandhan, Smt S. Kumutaavalli to the extent of being common Board members/ KMP.

d) Nature, material terms of contracts:

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Sale of egg shell waste, Sale and Purchase of Eggs

Sale of poultry feeds, Sale of egg white cube

Sale of Albumen Liquid, Sale of whole Egg liquid

Purchase of poultry feed supplement, Purchase of wind Power

(e) Monetary value:

The actual value of material transactions falling under Regulation 23(1) of the Listing Regulations for Financial Year 2020-21 is given in the notes to the Standalone financial statement. The estimated value of material transactions for the Financial Year 2021-22 in case of related party transaction may exceed ten percent of the annual consolidated turnover of the Company as per the latest audited financial statements of the Company for the respective Financial Years based on the subsisting contracts, arrangements and transactions entered into or to be entered into;

(f) Any other information relevant or important for the Members to make a decision on a proposed transaction:

Transactions entered into on arm's length basis and in the ordinary course of business or not. The Board, accordingly, recommends the passing of the proposed Ordinary Resolution as contained in the Notice by Members of the Company.

The Directors or Key Managerial Personnel or their relatives, except as stated in (c) Directors, do not have any concern or interest, financial or otherwise, in passing of the said Ordinary Resolution.

By Order of the Board
SKM Shree Shivkumar
Managing Director
(DIN : 00002384)

Place: Erode

Date: 28.07.2021

★★★★★

ANNEXURE TO THE NOTICE

Details of Directors seeking Appointment/Re-appointment at the 26th AGM

| | |
|--|---|
| Name | Smt S Kumutaavalli |
| DIN | 00002390 |
| Date of Birth | 30.03.1973 |
| Nationality | Indian |
| Date of Appointment | 29.10.2010 |
| Relationship other director | SKM Shree Shivkumar-Husband |
| Qualification | B.A.(CS), M.Sc., (Psychotherapy and Counselling) Diplomo in Export and Import Management Diplomo in Advanced Information Management |
| Experience | More than 10 years |
| No of shares held | 10,005 |
| Terms of Appointment or reappointment | Liable to retire by rotation |
| Remuneration sought to be paid | Sitting Fees only |
| Remuneration last drawn | Rupees 12,000 for four meetings |
| No of board meetings attended | 4 |
| List of directorship in other companies | SKM Siddha and Ayurvedha Company (India) Private Limited SKM Universal Marketing Company (India) Private Limited SKM Shree Developers (India) Private Limited SKM Shree Herbals (India) Private Limited SKM Shrees Properties India Private Limited Erode Smart City Limited |
| Chairman/Member of the Committees of the Board of other Companies in which share is director | NIL |

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ANNEXURE TO THE NOTICE

Details of Directors seeking Appointment/Re-appointment at the 26th AGM

| | |
|---|---|
| Name of Director | Shri SKM Maeilanandhan |
| Director Identification Number (DIN) | 00002380 |
| Designation/category of the Director | Executive Chairman/ Wholetime Director |
| Date of Birth & Age | 18/06/1945 & 76 years |
| Date of the first appointment | 06/04/1995 |
| Qualifications | SSLC |
| Experience Directorships held in other companies | More than 50 years 1. SKM Animal Feeds and Foods (India) Private Limited 2. SKM Siddha & Ayurvedha Company India Private Limited 3. SKM Universal Marketing Company India Private Limited |
| Memberships / Chairmanships of committees of other companies | NIL |
| Inter-se relationship with other Directors and Key Managerial Personnel | SKM Shree Shivkumar - Son Smt. S. Kumutaavalli - Daughter in law |
| Shareholding in the Company | NIL |
| Terms and Conditions of appointment / re-appointment | 5 years |
| Details of Remuneration sought to be paid | - |
| Remuneration last drawn | 30.94 lacs per annum |
| No of board meetings attended | 4 |

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on 26th September, 2021 at 09:00 A.M. and ends on 28th, September, 2021 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 22nd September, 2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 22nd September 2021.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:





Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

| Type of shareholders | Login Method |
|---|--|
| Individual Shareholders holding securities in demat mode with NSDL. | <ol style="list-style-type: none"> <li data-bbox="473 900 1230 1230">1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. <li data-bbox="473 1247 1230 1346">2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp <li data-bbox="473 1362 1230 1462">3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon |

| Type of shareholders | Login Method |
|---|--|
| | <p>"Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</p> <p style="text-align: center;">NSDL Mobile App is available on</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>App Store</p> </div> <div style="text-align: center;">  <p>Google Play</p> </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;">   </div> |
| <p>Individual Shareholders holding securities in demat mode with CDSL</p> | <ol style="list-style-type: none"> 1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/loginor www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration. |

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| Type of shareholders | Login Method |
|--|--|
| | 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress. |
| Individual Shareholders (holding securities in demat mode) login through their depository participants | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

| Login type | Help desk details |
|---|--|
| Individual Shareholders holding securities in demat mode with NSDL. | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30. |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43. |

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B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following **URL: <https://www.evoting.nsdl.com/>** either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|---|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****. |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

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- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below **in process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) **Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.

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6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to acsramkumar@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to shares@skmegg.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to shares@skmegg.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their

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vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "**Join General meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at shares@skmegg.com. The same will be replied by the company suitably.



BOARD REPORT

To,

The Members,

The Directors are pleased to present the Twenty Sixth (26th) Annual Report of the Company together with the audited financial statements (standalone and consolidated) for the year ended 31st March 2021.

In compliance with the applicable provisions of Companies Act, 2013, (including any statutory modification(s) or re-enactment(s) thereof, for time being in force) ("Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"), this report covers the financial results and other developments during the financial year ended 31st March 2021, in respect of SKM Egg Products Export India Limited

1. FINANCIAL HIGHLIGHTS & STATE OF AFFAIRS:

STANDALONE

(Rs. in Lacs)

| Particular | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
|--|--------------------------|--------------------------|
| Total Income | 25,847.76 | 29,306.85 |
| Earnings before Interest, Taxes, Depreciation and Amortization | 4,447.32 | 2,827.04 |
| Less: Financial Cost | 375.33 | 596.80 |
| Depreciation & Amortization | 2,067.73 | 1,415.06 |
| Profit Before tax | 2,004.26 | 815.18 |
| Less: Tax Expenses | | |
| Current | 548.85 | 292.88 |
| MAT Credit entitlement | 0.00 | 0.00 |
| Deferred Tax | (114.15) | (7.94) |
| Profit/(Loss) for the period | 1,569.55 | 530.24 |
| Other Comprehensive Income (net of Tax) | 1.71 | (5.48) |
| Profit after Tax and available for appropriation | 1,571.26 | 524.75 |
| APPROPRIATIONS | | |
| Dividend Paid | 131.65 | 131.65 |
| Dividend Distribution Tax | 0.00 | 26.95 |
| Surplus carried to Balance Sheet | 1,439.61 | 366.15 |

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CONSOLIDATED

(Rs. in Lacs)

| Particular | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
|--|--------------------------|--------------------------|
| Total Income | 28,205.95 | 33,384.61 |
| Earnings before Interest, Taxes, Depreciation and Amortization | 4487.76 | 2,853.58 |
| Less: Financial Cost | 385.94 | 612.17 |
| Depreciation & Amortization | 2068.47 | 1415.74 |
| Add: Share of Profit/(Loss) of Associates | 36.84 | (69.72) |
| Profit Before tax | 2,070.19 | 755.95 |
| Less: Tax Expenses | | |
| Current | 548.85 | 292.88 |
| MAT Credit entitlement | 0 | 0 |
| Deferred Tax | (114.15) | (7.94) |
| Profit/(Loss) for the period | 1,635.48 | 471.01 |
| Less: Net Profit attributable to Non controlling Interest | 4.36 | 1.57 |
| Add: Other Comprehensive Income (net of Tax) | 1.80 | (18.53) |
| Profit after Tax and available for appropriation | 1,632.92 | 450.90 |
| APPROPRIATIONS | | |
| Dividend Paid | 131.65 | 131.65 |
| Dividend Distribution Tax | 0.00 | 26.95 |
| Surplus carried to Balance Sheet | 1,501.27 | 292.30 |

2 OPERATIONS:

The Company's total revenue is Rs.258.48 Crores during the current year as against Rs.293.07 Crores during the previous year. The Export during the year has been Rs.159.27 Crores as compared to Rs.200.86 Crores during the previous year 2019-20.

COVID-19

The impact of the Covid-is expected to have further impact on the operations of the company. Presently, various state Governments have imposed restrictions due to the resurgence of COVID-19 cases, which has significantly impacted business of the Company. Your company supported colleagues and their families, society and Government bodies during these tough times. A thorough thermal scanning and sanitisation protocol was introduced at all the plants and offices. Monitoring employees for signs & symptoms through voluntary disclosure. Work from home was provided wherever possible to maintain lean staff in the work area.

3. DECLARATION AND PAYMENT OF DIVIDEND:

The Board is pleased to recommend a dividend of Rs.1.00 per equity share of the Company of Re. 10 each (10 %) for the year ended March 31, 2021. The said dividend on equity shares is subject to approval of the Shareholders at the ensuing Annual General Meeting ("AGM") scheduled to be held on Wednesday September 29th, 2021. If approved, the dividend would result in a cash outflow of Rs. 2,63,30,000/-. The total dividend payout works out of the Company's standalone net profit.

4. TRANSFER TO RESERVE:

As permitted under the Act, the Board do not propose to transfer any amount to general reserve and has decided to retain the entire amount of profit for FY 2020-21 in the profit and loss account.

5. SHARE CAPITAL:

During the year under review, the Company has not altered/modified the authorised share capital of the Company.

6. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Board of Directors met 4 (four) times during FY21. The detail of the Board meetings and their attendance is provided in the Corporate Governance Report, annexed to this Report.

7. BOARD COMMITTEES:

The details of each of the Committees comprising their composition, charter and details of meetings held during the year are provided in the Corporate Governance Report, Appendix 1 to this Report.

8. CORPORATE GOVERNANCE:

The Company has complied with the corporate governance requirements under the Act, and Listing Regulations. A separate section on Corporate Governance along with a certificate from the Statutory Auditor confirming compliance forms an integral part of this Annual Report. **Appendix 1.**

9. MATERIAL CHANGES AND COMMITMENTS BETWEEN THE END OF FINANCIAL YEAR UNDER REVIEW AND THE DATE OF THE REPORT:

The Covid-19 impact remains a serious concern for governments and businesses. The Company has implemented Standard Operating Procedures of social distancing, workplace sanitisation and employee health monitoring, and these are being followed strictly across all its manufacturing locations and its registered office. Company has also taken various initiatives focusing on safeguarding workforce health. Further, Company is also taking effective steps to control cost in all quarters and assess how profitability, loans, revolving credit and cash flows can support on-going operations in a low revenue environment.

10. REPORT ON THE PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARY INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS:

Details of Foreign wholly owned subsidiaries SKM EUROPE BV., The Netherlands.

During the year under review, our wholly owned subsidiary has posted a turnover of Rs.2,806.44 lakhs. The profit/loss for the year amounted to Rs.29.09 lakhs.

Pursuant to Section 129 (3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of the Company's Subsidiaries and Associate Company in Form No. AOC-1 is attached to this report as **Appendix -2**.

11. DEMATERIALISATION OF SHARES:

The Company's shares are compulsorily traded in dematerialised form on NSE and BSE. Equity shares of the Company representing 90.35 % of the Company's equity share capital are dematerialised as on March 31, 2021. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's share is INE411D01015. The Company's Registrar is M/s S.K.D.C. Consultants Ltd., having their registered Office at "Surya", 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore-641028, Tamil Nadu (RTA).

12. MANAGEMENT DISCUSSION & ANALYSIS REPORT:

Pursuant to Regulation 34(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, a Management Discussion and Analysis Report is given in **Appendix -3**.

13. INVESTOR EDUCATION AND PROTECTION FUND:

Transfer of Equity Shares relating to dividend which has not been claimed by the members for seven consecutive years or more to the Investor Education and Protection Fund Authority (IEPF) did not arise during the year.

14. CORPORATE SOCIAL RESPONSIBILITY ('CSR'):

The disclosures required to be given under Section 135 of the Companies Act, 2013 read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 is provided in the Annual Report on CSR Activities for FY21, in **Appendix 4** to this Report. The CSR Policy of the Company is available on the Company's website, www.skmegg.com

15. WHISTLE BLOWER POLICY:

The Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework prescribed under the Companies Act, 2013 ('Act'). The mechanism provides adequate safeguards against victimization of directors or employees who avail of the mechanism Whistle-Blower Policy and Guidelines on Vigil Mechanism are available on the Company's website www.skmeegg.com.

The Whistle Blower Policy encourages and facilitates the employees to report concerns about unethical behaviour, actual/ suspected frauds and any wrongdoings or unethical or improper practice.

16. RELATED PARTY TRANSACTIONS:

All related party transactions that were entered during the financial year 2020-21 were in the ordinary course of the business and were on arm's length basis. All such related party transactions are placed before the Audit Committee for approval, wherever applicable. Prior omnibus approval for normal transactions is also obtained from the Audit Committee for the related party transactions which are of repetitive nature as well as for the transactions which cannot be foreseen and the same are subsequently shared with Audit Committee on quarterly basis. The policy on materiality of and dealing with related party transactions as approved by the Audit Committee and the Board of Directors is uploaded on the website of the Company and the link for the same is www.skmeegg.com there are no transactions which are not on arm's length basis and material in nature, The disclosure of related party transactions in Form AOC-2 is annexed as **Appendix 5**.

17. BUSINESS RISK MANAGEMENT:

Although the company has long been following the principle of risk minimization as is the norm in every industry, it has now become a compulsion. Therefore, in accordance with SEBI (LODR) Regulations 2015 of the listing Regulations the Board members were informed about risk assessment and minimization procedures after which the Board formally adopted steps for framing, implementing and monitoring the risk management plan for the company. The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues. In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, Investments, retention of talent and expansion of facilities. Business risk, inter-alia, further includes Financial risk, Political risk, Fidelity risk, Legal risk. As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same. The Risk Management policy has been placed on the website of the Company and the web link thereto is www.skmeegg.com

18. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

There are established procedures for internal control on a Company-wide basis. Policies and procedures have been laid down to provide reasonable assurances that assets are safeguarded from risks of unauthorised use / disposition and transactions are recorded and reported with propriety, accuracy and speed. These aspects are regularly reviewed during internal audit and statutory audits. The Company has also laid down adequate internal controls for financial reporting. During the year, such controls were tested and no material weakness in their operating

effectiveness was observed. Finance and Accounts function is well staffed with experienced and qualified personnel. This team participates in the preparation & monitoring of budgets. Internal Audit Reports are reviewed by the Audit Committee of the Board from time to time.

19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information as per Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo is given in **Appendix 6**.

20. EXTRACT OF ANNUAL RETURN:

As required under Section 92(3) and 134(3)(a) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 (as amended), an extract of Annual Return in Form MGT - 9 is available on the website of the Company at the web-link www.skmegg.com.

21. BOARD EVALUATION:

The Annual Performance Evaluation of the Directors including the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee has been carried out pursuant to the provisions of Section 134 (3) (p), 149(8) and Schedule IV of the Companies Act, 2013 and SEBI (Listing Obligations and disclosures requirements) Regulations 2015.

The Performance Evaluation of the Independent Directors was carried out by the entire Board and the Performance Evaluation of the Chairman and Non- Independent Directors was carried out by the Independent Directors. The Independent Directors of the company have also convened a separate meeting for this purpose. The policy is available on the website of the company at www.skmegg.com.

22. POLICY FOR REMUNERATION TO DIRECTORS:

I) NON-EXECUTIVE DIRECTORS INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and Variable, payable to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as Director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and such other factors as the NRC may deem fit for determining the compensation.

II) WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S) KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

The compensation paid to the executive directors (including the Managing Director) will be within the scale approved by the shareholders. The elements of the total compensation, approved by the Compensation Committee will be within

the overall limits specified under the Act

The Company's total compensation for Key Managerial Personnel as defined under the Act / other employees will consist of:

" fixed compensation

" variable compensation in the form of annual incentive

" benefits

" work related facilities and, perquisites

III) PERFORMANCE EVALUATION BY THE BOARD OF ITS OWN PERFORMANCE AND ITS COMMITTEES

The performance of the Board is evaluated by the Board in the overall context of understanding by the Board of the Company's principle and values, philosophy and mission statement, strategic and business plans and demonstrating this through its action on important matters, the effectiveness of the Board and the respective Committees in providing guidance to the Management of the Company and keeping them informed, open communication, the constructive participation of members and prompt decision making, level of attendance in the Board meetings, constructive participation in the discussion on the Agenda items, monitoring cash flow profitability, income & expenses, productivity & other financial indicators, so as to ensure that the Company achieves its planned results, effective discharge of the functions and roles of the Board, etc

23. INDEPENDENT DIRECTOR MEETING:

As per Schedule IV of the Companies Act, 2013, Secretarial Standards-1 on Board Meetings ('SS-1') and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during FY21, a meeting of the Independent Directors was held on 29.01.2021, to discuss inter-alia the performance evaluation of the Board, its Committees, Chairman and the individual Directors, assessment of information flow from Management to the Board and evaluation and self-assessment of the training requirements of Independent Directors.

24. DECLARATION BY INDEPENDENT DIRECTOR:

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board of Directors at its first meeting held dated on 29.06.2020 for the Financial Year 2020-21 has taken on record the declarations and confirmations submitted by the Independent Directors.

25. DETAILS IN RESPECT OF FRAUDS REPORTED BY STATUTORY AUDITORS UNDER SECTION 143(12) OF THE COMPANIES ACT, 2013 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT:

There were no instances of frauds identified or reported by the Statutory Auditor during the course of their audit.

26. DEPOSITS:

The Company has not accepted deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

27. POLICY ON PREVENTION OF SEXUAL HARASSMENT:

The Company has put in place anti sexual harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The policy is gender neutral. Internal Complaints Committee has been set up to redress the complaints received, if any, regarding sexual harassment. During the year, no complaint was received.

28. DIRECTORS & KEY MANAGERIAL PERSONNEL:

During FY21, no changes in the Board and Key Managerial Personnel. Further the tenure of Shri SKM Maeilanandhan (DIN: 00002380) as a Whole-time Director of the Company completed on 24th June, 2021. On perusal of various factors including but not limited to the number of years association with the organization, expertise possessed, outcome of the performance evaluation, the Board of Directors at their meeting held on 26th May, 2021 have recommended the reappointment of Shri SKM Maeilanandhan as Whole-time Director for another term of 5 years in the forthcoming Annual General Meeting.

Pursuant to Section 203 of the Companies Act, 2013, the following persons have been designated as the Key Managerial Personnel of the Company

- i) Shri. SKM. Maeilanandhan, Executive Chairman,
- ii) Shri. SKM Shree Shivkumar, Managing Director,
- iii) Shri. K.S. Venkatachalapathy, Chief Financial officer and
- iv) Shri. P.Sekar, Company Secretary.

29. DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors' Responsibility Statement referred to in Section 134 (3) (c) of the Companies Act, 2013, shall state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 profit of the Company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

30. SIGNIFICANT AND MATERIAL ORDERS PASSEDBY THE REGULATORS OR COURTS:

There were no significant / material orders passed by the regulators or courts or tribunals during the financial year 2020-2021, impacting the going concern status and Company's operations in future.

31. CHANGE IN THE NATURE OF THE BUSINESS, IF ANY:

There was no change in the nature of business of the Company during the financial year ended 31st March 2021.

32. THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE FINANCIAL YEAR:

There is no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the financial year 2020-2021.

33. THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF DURING THE FINANCIAL YEAR:

Not applicable during the financial year.

34. AUDITORS

A) STATUTORY AUDITOR

Mr. Prasanna Venkatesan N, Chartered Accountant, Erode (MN235530), was appointed as Statutory Auditor of the Company by the shareholders at the AGM held in 2019 for a period of 3 years from the conclusion of 24th AGM till the conclusion of 27th AGM of the Company, subject to ratification by the shareholders at every AGM. The requirement of ratification by the shareholders at every AGM has been dispensed with by the Companies (Amendment) Act, 2017, hence no resolution is being proposed for ratification of appointment of Statutory Auditors.

B) SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of The Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company has appointed Mr. V. Ramkumar, Company Secretary in Practice, Coimbatore. (CP No.:3832, Membership No: F 8304), to undertake the secretarial audit of the company for the FY2020-21. The report of the secretarial audit of the company is annexed herewith as **Appendix-7**

The Annual Secretarial Compliance Report, (hereinafter referred to as 'compliance report'), for FY 2020-21 issued by Mr. V. Ramkumar, Company Secretary in Practice, Coimbatore. (CP No.:3832, Membership No: F 8304), the Secretarial Auditors of the Company, have conformed compliance with securities laws applicable to the Company and the same has been taken on record by the Board of Directors at its meeting held on 28th July, 2021. The compliance report does not contain any qualification, reservation, adverse remark and the Board has approved filing of the same with the stock exchanges.

C) INTERNAL AUDITOR

The Company has appointed Mr.R.Muralidharan, B.Com, FCA., Chartered Accountant as the Internal Auditor of the Company and their report is reviewed by the audit committee and board from time to time

D) COST AUDITOR

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company

35. COMMENTS ON AUDITORS' REPORT:

There was no qualification, reservations or adverse remarks made by the Statutory Auditor and the Secretarial auditor in their respective reports. In respect of the observations made by the secretarial auditor, the same is self-explanatory.

36. PARTICULARS OF LOANS/GUARANTEES/INVESTMENTS:

The Company has no Inter-Corporate Loans/Guarantees. Investments of the company in the shares of other companies are provided under notes to Balance Sheet appearing elsewhere in this Annual Report. The amount of investment made by the Company does not exceed the limits as specified in Section 186 of the Companies Act; 2013.

37. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

As prescribed under Section 197(12) of the Companies Act, 2013 ("Act") and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details are given in **Appendix-8**

38. INSIDER TRADING CODE:

The Company has formulated a code for prevention of Insider Trading pursuant to Securities and Exchange Board of India (Insider Trading) (Amendment) Regulation 2002 to prevent the practices of Insider Trading. Mr. P. Sekar, Company Secretary has been designated as Compliance Officer for this purpose. Senior Management of the Company has affirmed compliance with the Code of Conduct applicable as on 31.03.2021. The Company has duly complied with all the mandatory listing agreement. Code of Conduct for Insider Trading Regulation available on the Company's Website www.skmeegg.com.

39. SECRETARIAL STANDARD:

The Company is in compliance with the Secretarial Standards on Meetings of Board of Directors (SS-1) and General Meetings (SS-2).

40. CHANGE IN THE NATURE OF BUSINESS, IF ANY:

There was no change in the nature of business of the Company during the financial year ended 31st March, 2021.

41. INDUSTRIAL RELATIONS:

The industrial relations with employees continued to be generally peaceful and cordial during the year.

42. STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR:

In the opinion of Board of Directors of the Company, Independent Directors on the Board of Company hold highest standards of integrity and are highly qualified, recognized and respected individuals in their respective fields. It's an optimum mix of expertise (including financial expertise), leadership and professionalism.

43. GREEN INITIATIVE:

Electronic copy of the Integrated Annual Report for FY21 and the Notice of the ensuing AGM is being sent to all shareholders whose email addresses are available in demat account and registered with Company's Registrar and Share Transfer Agent.

Shareholders holding shares in demat form are requested to update their email addresses with their Depository Participant(s) and for shareholders holding shares in physical form, should get their email registered/ updated with M/s S.K.D.C. Consultants Ltd.

44. CAUTIONERY STATEMENT:

The Annual Report including those which relate to the Directors' Report, Management Discussion and Analysis Report may contain certain statements on the Company's intent expectations or forecasts that appear to be forward-looking within the meaning of applicable securities laws and regulations while actual outcomes may differ materially from what is expressed herein. The Company bears no obligations to update any such forward looking statement. Some of the factors that could affect the Company's performance could be the demand and supply for Company's product and services, changes in Government regulations, tax laws and other factors.

Place : Erode
Date : 28.07.2021

For and on behalf of the Board of Directors
SKM Maeilanandhan
Chairman
DIN: 00002380

★★★★★

CORPORATE GOVERNANCE REPORT

[Pursuant to Part C of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015].

1. Company's philosophy on Code of Governance

Our Corporate Governance policies and procedures set the standard for how we engage with our stakeholders. We prioritise the long-term over the short-term to drive sustainable growth and create lasting value. With empowerment and accountability as its two pillars, our Corporate Governance code guides all our actions. We aim for total transparency and meet our societal commitments by being a responsible corporate citizen. It has been a core belief and practice with the Company to consider itself as the custodian and trustee of all the constituencies of its businesses - customers, business associates, shareholders and society

A report on compliance with the Code of Corporate Governance as prescribed in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") is given below:

2. BOARD OF DIRECTORS

A) Composition of the Board

The Board provides leadership, strategic guidance and objective judgment in the conduct of affairs of the Company. The Board upholds the vision, purpose and values of the Company. The Board consists of experienced specialists who are experts in their respective business / profession and have decades of experience to their credit. As a Board, the Directors are committed to ethical and lawful conduct of business and possess the ability to steer the affairs of the Company in the right direction. The Board places emphasis on highest standards of governance practice which allow the Company to carry on its business in the long-term interest of all stakeholders.

The Company ensures that timely and relevant information is made available to all Directors in advance, to facilitate their effective participation and contribution during meetings and deliberations.

Board of Directors is constituted in such a way that it strictly conforms with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition of the Board ensures a judicious mix of Executive and Non-Executive Directors as well as the combination of Independent and Non-Independent Directors. As at the end of corporate financial year 2020- 2021, the total Board strength comprises of the following:

| Category of Director | No of Director |
|--|----------------|
| Executive Director | 2 |
| Non-Independent Directors & Non-Executive Directors (including woman Director) | 1 |
| Independent Directors | 5 |
| Nominee Director-TIDCO | 1 |
| Total Strength | 9 |

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The primary role of the Board is that of trusteeship, to protect and enhance shareholders' value through strategic supervision of Company's operations. The Board also provides direction and exercises appropriate control to ensure that the Company fulfils the stakeholders' aspirations and societal expectations

B) Meetings and attendance

The Board met four times in FY21. The following are the dates in which the Board Meetings were held i) 29.06.2020, ii) 13.08.2020, iii) 11.11.2020, iv) 27.01.2021

Details on the composition of the Board of Directors, their attendance at the Board Meetings and last Annual General Meeting held during FY21, number of other Directorships, Memberships/ Chairpersonships held by them as on March 31, 2021, are as follows:

| Name of the Director | Category | Attendance Particulars | | No of other Directorships held in Public Companies | No. of Membership (M)/ Chairmanship (C) in other Board Committee(s) | | No. of shares held in the company as on 31.03.2021 |
|--------------------------|--|------------------------|-----|--|---|----------|--|
| | | BM | AGM | | Member | Chairman | |
| Shri SKM Maeilanandhan | Promoter, Executive Director | 4 | Yes | NIL | NIL | NIL | NIL |
| Shri SKM Shree Shivkumar | Promoter, Executive Director | 4 | Yes | NIL | NIL | NIL | 1,24,99,472 |
| Smt S Kumutaavalli | Promoter, Non-Executive Director | 4 | Yes | 1 | 1 | NIL | 10,005 |
| Dr LM Ramakrishnan | Non-Executive Independent Director | 4 | Yes | 2 | 4 | NIL | NIL |
| Shri C Devarajan | Non-Executive Independent Director | 2 | No | 4 | 1 | 1 | 5,000 |
| Shri B Ramakrishnan | Non-Executive (Nominee Director-TIDCO) | 2 | Yes | 2 | 2 | 0 | 19,95,800 |
| Shri D Venkateswaran | Non-Executive Independent Director | 4 | Yes | NIL | 1 | NIL | NIL |
| Shri TN Thirukumar | Non-Executive Independent Director | 3 | Yes | 2 | 1 | NIL | NIL |
| Shri G N Jayaram | Non-Executive Independent Director | 4 | Yes | NIL | 2 | 1 | NIL |

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Notes

1. Includes Directorships of all public limited companies whether listed or not and excludes private limited companies, foreign companies and Section 8 companies excluding SKM Egg Products Exports Limited are shown.
2. In accordance with the provisions of the SEBI LODR Regulations, 2015, memberships/ chairpersonships of only Audit Committee and Stakeholders' Relationship Committee in all public limited companies including SKM Egg Products Export Limited are shown
3. Shri SKM Maeilanandhan was appointed as Whole Time Director at Annual General Meeting of the Company held on 02nd September 2016, for a period of five years from June 25, 2016 to June 24, 2021. Further, the Board of Directors at its meeting held on 26th May 2021, based on the recommendation of Nomination & Remuneration Committee, SKM Maeilanandhan, as Executive Chairman (designated as "Executive Chairman") of the Company for a further period of five years
4. None of the Directors of the Company hold Directorship in more than ten public companies and none of Independent Directors are serving as Independent Directors in more than seven listed companies.
5. Necessary disclosures regarding Committee positions in other Indian public companies as at March 31, 2021 have been made by the Directors.
6. Shri. SKM Shree Shivkumar, Managing Director, Shri SKM Maeilanandhan and Smt.S. Kumutaavalli, Director are related to each other. There is no inter-se relation among other Directors of the Company

INDEPENDENT DIRECTORS

The company issued formal letters of appointment to independent directors in the manner as provided in the Companies Act, 2013. The terms and conditions of appointment are disclosed on the website of the company.

FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

To familiarize all aspects of the business of the Company, suitable presentations were made to the Directors and factory visits were also arranged. The details of Familiarization Program so conducted for the Directors is available on the Company's website www.skmegg.com.

SKILLS/EXPERTISE/COMPETENCIES OF THE BOARD OF DIRECTORS

The Board is satisfied that the current composition reflects an appropriate mix of knowledge, skills, experience, diversity and independence. The Board provides leadership, strategic guidance, objective and an independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure.

The list of core skills / expertise / competency identified by the Board of Directors as required in the context of its business(es) and sector(s) for functioning effectively and those already available with the Board are as follows:

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| Skill | Description |
|-----------------------|--|
| Leadership / Strategy | Experience of playing leadership roles in large businesses, with competencies around strategy development & implementation, sales & marketing, business administration/ operations and Organisations and people Management. |
| Financial | Practical knowledge and experience in corporate Finance, accounting and reporting and internal financial control, including strong ability to assess financial impact of decision making and ensure profitable and sustainable growth. |
| Governance | Board level experience in reputed organizations, with a strong understanding of and experience in directing the management in the best interests of the Company and its stakeholders and in upholding high standards of governance. |
| Regulatory | Strong expertise and experience in regulatory compliance in India (Including industry specific laws) |

The skills/ expertise/competence matrix of the Board of Directors with names are as follows;

| Name of the Director | Leadership / Strategy | Financial | Governance | Regulatory |
|--------------------------|-----------------------|-----------|------------|------------|
| Shri SKM Maeilanandhan | ✓ | ✓ | ✓ | ✓ |
| Shri SKM Shree Shivkumar | ✓ | ✓ | ✓ | ✓ |
| Smt. S Kumutaavalli | ✓ | ✓ | ✓ | ✓ |
| Shri C Devarajan | ✓ | ✓ | ✓ | ✓ |
| Shri B Ramakrishnan | ✓ | ✓ | ✓ | ✓ |
| Shri D Venkateswaran | ✓ | ✓ | ✓ | ✓ |
| Dr. LM Ramakrishnan | ✓ | ✓ | ✓ | ✓ |
| Shri GN Jayaram | ✓ | ✓ | ✓ | ✓ |
| Shri TN Thirukumar | ✓ | ✓ | ✓ | ✓ |

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CONFIRMATION ON THE FULFILLMENT OF THE CONDITIONS OF INDEPENDENCE:

Based on the declarations received from the Independent Directors, the Board of Directors are of the opinion that the Independent Directors fulfil the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 and are independent of the management.

SEPARATE MEETING OF THE INDEPENDENT DIRECTORS:

Independent Directors play a pivotal role in maintaining a transparent working environment in the company. They provide valuable outside perspective to the deliberations of the Board and contribute significantly to the decision making process. They help the company in improving corporate credibility and governance standards. They bring an element of objectivity to the board processes and deliberations.

As per clause 7 of the schedule IV of the Companies Act (Code for Independent Directors) read with Regulation 25(3) of SEBI LODR Regulations, 2015, a separate meeting of Independent Directors of the Company without the attendance of Non-Independent Directors for the financial year 2020-21, was held on 29th January, 2021.

The composition of and attendance at Committee of Independent Directors meeting are given below

| S No | Name of the Member | No. of Meetings held | No. of Meetings attended |
|------|----------------------|----------------------|--------------------------|
| 1 | Dr.L.M.Ramakrishnan | 1 | 1 |
| 2 | Shri.C. Devarajan | 1 | 1 |
| 3 | Shri.D.Venkateswaran | 1 | 1 |
| 4 | Shri TN Thirukumar | 1 | 1 |
| 5 | Shri GN Jayaram | 1 | 1 |

RESIGNATION OF INDEPENDENT DIRECTORS BEFORE EXPIRY OF TENURE:

None of the independent directors has resigned before the expiry of the tenure during the year under review.

COMMITTEES OF THE BOARD

The Board at present has four Committees:

1) Audit Committee, 2) Nomination and Remuneration Committee, 3) Stakeholders Relationship Committee 4) Corporate Social Responsibility Committee.

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AUDIT COMMITTEE

The Audit Committee was constituted along with the terms of reference in line with the provisions of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference include amongst other things review of financial statements, annual budgets, internal control systems, accounting policies and practices, internal audit and administration.

Chief Financial Officer, Statutory Auditor, Internal Auditor and the Company Secretary were always present at the Audit Committee meetings. The Audit Committee assures to the Board among other things adequacy of internal control system, compliance with applicable Accounting Standards, adequacy and correctness of financial disclosures, compliance with the requirements as specified in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee meets once in every quarter to carry out its business. The Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters. The Committee is empowered to recommend the appointment and remuneration payable to the Statutory Auditors.

The Committee met four times during the financial year under review on 29th June, 2020, 13th August, 2020, 11th November, 2020 and 27th January, 2021.

The composition of the Audit Committee and the attendance details of members is as follows:

| Name of the Members | Category | No. of Meetings held during the year | No. of Meetings Attended |
|---|-----------------------------|--------------------------------------|--------------------------|
| Shri.GN Jayaram (Chairman) | Independent - Non-Executive | 4 | 4 |
| Dr. LM Ramakrishnan (Member) | Independent - Non-Executive | 4 | 4 |
| Shri.D.Venkateswaran (Member) | Independent - Non-Executive | 4 | 4 |
| Shri.B.Ramakrishnan (Member) Tidco Nominee | Independent - Non-Executive | 4 | 2 |

The Chairman of the Audit Committee was present during the Annual General Meeting held on 23rd September, 2021.

There has been no instance, where the Board has not accepted any recommendation of Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE

In compliance with Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this Committee was formed for identifying persons to be appointed as Directors and in Senior Management positions, to recommend to the Board for appointment and removal of Directors, carryout evaluation of Directors, formulate criteria for determining qualification, positive attributes and independence of Directors, recommend policy relating to remuneration of Directors/Senior Management. The composition of the Nomination and Remuneration Committee and the attendance details of members is as follows:

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| Name of the Members | Category | No. of Meetings held during the year | No. of Meetings Attended |
|-------------------------------|-----------------------------|--------------------------------------|--------------------------|
| Dr LM Ramakrishnan (Chairman) | Independent - Non-Executive | 1 | 1 |
| Shri.D Venkateswaran (Member) | Independent - Non-Executive | 1 | 1 |
| Shri GN Jayaram (Member) | Independent - Non-Executive | 1 | 1 |

This Committee would look into and determine the Company's policy on remuneration packages of the Executive directors and Senior Management. During the year under review, the committee had met one time on 30th September, 2020.

This Committee shall identify the persons, who are qualified to become Directors of the Company / who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also shall carry out evaluation of every Director's performance. Committee shall also formulate the criteria for determining qualifications, positive attributes, independence of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

The remuneration policy of the Company is annexed to the Board's Report and can also be accessed on the Company's websites at www.skmegg.com

PERFORMANCE EVALUATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Regulation 37(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee. A peer review was done by all the Directors evaluating every other Director. They also evaluated various aspects of the Board such as adequacy of the composition of the Board and its Committees, Board Diversity, execution and performance of specific duties, obligations and governance. Feedback on the appraisal has been provided to the board members.

DIRECTORS REMUNERATION:

NON EXECUTIVE DIRECTORS

The Non-Executive Director(s) of the Company are remunerated only by way of sitting fees. Sitting fees is paid to the non-Executive Directors for attending the meetings of Board of Directors at the rate of Rs.3000/- respectively per meeting.

Criteria of making payments to non-executive directors are as per the nomination and remuneration policy of the Company and the same is available at www.skmegg.com

EXECUTIVE DIRECTORS:

The two Executive Directors (Executive Chairman and Managing Director) are paid remuneration as decided by the Board of Directors on the recommendation of the Nomination and Remuneration Committee of the Board, with the approval of the Shareholders and other necessary approvals

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Details of remuneration paid to the Directors for the year ended 31st March 2021.

(in Rs)

| Name of the Members | Salary, Allowance and Perquisites | Service Contract |
|---|-----------------------------------|------------------|
| Shri SKM Maeilanandhan, Chairman | 30,93,728 | 5 years |
| Shri SKM Shree Shivkumar, Managing Director | 1,60,14,425 | 3 years |

No service contracts were entered into with the Directors; their appointment is governed by the respective resolutions passed at the General Meeting of the Company in line with the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

STAKEHOLDERS RELATIONSHIP COMMITTEE

In compliance with Section 178(5) of the Companies Act, 2013 and Regulation 20 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this Committee has been formed to evaluate the efficacy with which services as mandated statutorily are extended to the Shareholders/Investors of the Company. The Committee periodically reviews the services as rendered to the Shareholders particularly with the re-dressal of complaints/grievances of Shareholders like delay in transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, etc., and on the action taken by the Company on the above matters.

The Committee met four times during the year under review on 29.06.2020, 13.08.2020, 11.11.2020 and 27.01.2021. The composition of the Stakeholders Relationship Committee and the details of attendance of members are as follows

| Name of the Members | Category | No. of Meetings held during the year | No. of Meetings Attended |
|------------------------------|-----------------------------|--------------------------------------|--------------------------|
| Shri C Devarajan (Chairman) | Independent - Non-Executive | 4 | 2 |
| Dr. LM Ramakrishnan (Member) | Independent - Non-Executive | 4 | 4 |
| Shri GN Jayaram (Member) | Independent - Non-Executive | 4 | 4 |
| Shri TN Thirukumar (Member) | Independent - Non-Executive | 4 | 3 |

The terms of reference of this Committee are as required by SEBI under Regulation 20 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The Stakeholders Relationship Committee of the Board is empowered to oversee the re-dressal of investors' complaints pertaining to share transfer, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transfers and transmission of shares and other miscellaneous complaints. The committee also approved transfer, transmission, transposition, name deletion and issue of duplicate share certificates.

In addition, the Committee looks into other issues including status of dematerialization / re-dematerialization of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

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UNCLAIMED SUSPENSE ACCOUNT (IF ANY)

Pursuant to Regulation 39(4) read with Schedule VI of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company had transferred on NIL, its unclaimed shares to SKM Egg Exports (India) Limited unclaimed suspense account since no search situation arose.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Corporate Social Responsibility Committee was constituted in compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, to formulate policies, indicate the activities/projects and the amount of expenditure to be incurred in relation to the CSR activities of the Company.

The terms of reference of this committee, assigned by their board encompasses the following:

The role of the CSR Committee, inter alia, is to:

- a) Formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act
- b) Recommend the amount of expenditure to be incurred on the CSR activities
- c) Monitor the CSR Policy of the Company from time to time.

During the financial year, one meeting of Corporate Social Responsibility Committee of the Board was held on 12TH March, 2021. Attendance record of the Members of the Corporate Social Responsibility Committee for FY 2020-21 is as under

| Name of the Members | Category | No. of Meetings held during the year | No. of Meetings Attended |
|--------------------------------|-----------------------------|--------------------------------------|--------------------------|
| Dr.L.M.Ramakrishnan(Chairman) | Independent - Non-Executive | 1 | 1 |
| Smt S Kumutaavalli (Member) | Independent - Non-Executive | 1 | 1 |
| Shri C Devarajan (Member) | Independent - Non-Executive | 1 | 1 |
| Shri D Venkateswaran (Member) | Independent - Non-Executive | 1 | 1 |

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MANAGEMENT DISCUSSION AND ANALYSIS

Management discussion and analysis forms part of this annual report

GENERAL BODY MEETINGS

Information regarding Annual General Meetings held during the last three Financial Years is given below:

| Year | Date | Time | Special Resolutions passed |
|------|------------|--------|---|
| 2018 | 26.09.2018 | 4.00PM | <ol style="list-style-type: none">1. Approval for revision in terms and conditions of appointment of Managing Director2. Approval to continue the appointment of Mr SM Venkatachalapathy(DIN : 00043288) who has attained age of 75 years3. Approval to continue the appointment of Dr LM Ramakrishnan (DIN : 00001978) who has attained of 75 years4. Approval to continue the appointment of Mr M Chinnian (DIN : 01497482) who has attained age of 75 years5. Approval to continue the appointment of Mr P Kumarasamy (DIN : 00046090) who has attained age of 75 years6. Approval of material related party transactions |
| 2019 | 25.09.2019 | 4.00PM | <ol style="list-style-type: none">1. Re-appointment of Managing Director Shri SKM Shree Shivkumar (DIN:00002384)2. Re-appointment of DR LM Ramakrishnan (DIN:00001978) as an Independent Director3. Re-appointment of Mr C Devarajan (DIN: 00109836) as an Independent Director4. Re-appointment of Mr D Venkateswaran (DIN:05170759) as an Independent Director5. Appointment of Mr. T.N. Thirukumar (DIN:00124793) as an Independent Director6. Appointment of Mr G N Jayaram (DIN: 08521023) as an Independent Director7. Approval of material related party transactions: |
| 2020 | 23.09.2020 | 4.00PM | <ol style="list-style-type: none">1. Approval of Material Related Party Transactions |

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Pursuant to Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from a Practicing Company Secretary has been submitted to the Stock Exchanges within the stipulated time.

Shri P. Sekar, Company Secretary serves as the Compliance Officer.

The total number of complaints received and replied to the satisfaction of shareholders during the year ended on 31st March 2021 was 2. All complaints were solved to the satisfaction of the shareholders. There were no outstanding complaints as on 31st March 2021.

| Year | Venue |
|------|---|
| 2018 | AGM was held at 185, Chennimalai Road, Erode-638001 |
| 2019 | AGM was held at 133,133/1, Gandhiji Road, Erode - 638 001 |
| 2020 | AGM was held through Video Conferencing / Other Audio Visual Means (Deemed venue for the meeting: Registered Office at 133,133/1, Gandhiji Road, Erode - 638 001) |

EXTRA ORDINARY GENERAL MEETING:

During the year under review no Extra Ordinary General Meeting was held.

POSTAL BALLOT

During the financial year 2020-21, the Company has not passed any resolution(s) through postal ballot and none of the resolution(s) proposed to be passed at the forthcoming AGM require passing of the resolution(s) through postal ballot.

MEANS OF COMMUNICATION:

The Company is conscious of the importance of timely dissemination of adequate information to the stakeholders. The dates of Board Meetings, General Body meetings, Book Closure and Quarterly results are being published in Trinity Mirror an English daily Newspaper and MakkalKural a Tamil daily Newspaper and is also being informed to Stock Exchanges regularly.

Besides, the Company's Profile, Corporate Information, Quarterly and Annual Financial Statements, Annual Reports, Shareholding Pattern, Corporate Governance Report, Code of Conduct for Directors and Officers, Product Range, official news release, if any and presentations, if any, made to institutional investors are posted and updated on the Company's website www.skmegg.com

GENERAL INFORMATION FOR SHAREHOLDERS

26th Annual General Meeting

Date : 29.09.2021

Time : 4.00 PM

Venue: The meeting is being convened through video conferencing/ other audio-visual means and hence the registered

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office of the Company will be deemed to be the venue of the AGM.

Financial Year: 1st April 2020 to 31st March 2021

Date of Book Closure: 23.09.2021 to 29.09.2021

Dividend Payment Date: Within 30 days from the date of approval of shareholders.

FINANCIAL CALENDER:

Approval of quarterly results for the period ending:

1. 30th June 2020 : 13th August, 2020
2. 30th September 2020 : 11th November, 2020
3. 31st December 2020 : 27th January, 2021
4. 31st March 2021 : 26th May, 2021

STOCK EXCHANGE INFORMATION:

The Company's Equity Shares are listed on:1.BSE Limited, PhirozeJeejeebhoy Towers, Dalal Street, Mumbai-400 001 and 2.NSE Limited, "Exchange Plaza", Bandra-Kurla Complex Bandra East, Mumbai -400 051.Moreover, the annual listing fees have been paid to all the Stock Exchanges as mentioned above.

Movement in the Market Price of the Company's Shares on the National Stock Exchange and Bombay stock exchanges

| National Stock Exchange Limited | | | |
|---------------------------------|--------------|--------------|------------------|
| MONTH | HIGH (Rs) | LOW (Rs) | Traded Volume |
| Apr 20 | 39.90 | 28.95 | 4,67,808 |
| May 20 | 37.40 | 28.05 | 2,38,388 |
| Jun 20 | 39.80 | 31.20 | 5,89,950 |
| Jul 20 | 37.10 | 31.55 | 5,05,928 |
| Aug 20 | 56.45 | 32.60 | 29,36,336 |
| Sep 20 | 50.70 | 35.40 | 7,51,772 |
| Oct 20 | 44.95 | 36.40 | 13,12,037 |
| Nov 20 | 52.60 | 39.20 | 11,52,957 |
| Dec 20 | 67.00 | 48.30 | 35,82,522 |
| Jan 21 | 68.00 | 53.50 | 33,81,335 |
| Feb 21 | 58.10 | 49.85 | 9,61,600 |
| Mar 21 | 55.90 | 46.05 | 10,85,018 |

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| Bombay Stock Exchange Limited | | | |
|-------------------------------|--------------|--------------|-----------------|
| MONTH | HIGH (Rs) | LOW (Rs) | Traded Volume |
| Apr 20 | 44.15 | 29.90 | 30,634 |
| May 20 | 35.90 | 28.00 | 15,531 |
| Jun 20 | 39.80 | 31.05 | 44,286 |
| Jul 20 | 40.00 | 31.30 | 51,870 |
| Aug 20 | 56.40 | 32.25 | 2,83,656 |
| Sep 20 | 50.40 | 35.35 | 1,08,413 |
| Oct 20 | 44.40 | 36.50 | 1,15,498 |
| Nov 20 | 52.25 | 40.25 | 1,59,882 |
| Dec 20 | 66.85 | 48.75 | 3,55,398 |
| Jan 21 | 67.90 | 52.20 | 3,12,817 |
| Feb 21 | 59.90 | 49.30 | 1,23,224 |
| Mar 21 | 59.00 | 45.90 | 1,23,092 |

REGISTRAR AND SHARE TRANSFER AGENT:

S.K.D.C. Consultants Limited

"Surya", 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore-641028, Tamil Nadu (RTA).

RECONCILIATION OF SHARE CAPITAL AUDIT

A qualified company secretary in practice carried out reconciliation of share capital audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The reconciliation of share capital audit report 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 dematerialised shares held with NSDL & CDSL

SHARE TRANSFER SYSTEM

The company's shares being in compulsory dematerialized (demat) list are transferable through the depository system. Shares in physical form are processed by the registrar and share transfer agents, S.K.D.C. Consultants Limited and approved by the stakeholders relationship committee of the company. The share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by S.K.D.C. Consultants Limited, if the documents are complete in all

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respects. All requests for dematerialization of shares are processed and confirmed to the depositories, NSDL and CDSL, within 15 days. The stakeholder's relationship committee generally meets as and when required to effect the shares received for transfer in physical form.

CATEGORIES OF SHAREHOLDERS AS ON 31st MARCH, 2021

| Category | No. of Shares | % To Total |
|-------------------------------|--------------------|---------------|
| Promoters | 1,45,05,277 | 55.09 |
| Foreign Portfolio Investors | NIL | 0 |
| Mutual Funds | NIL | 0 |
| Alternate Investment Funds | NIL | 0 |
| Financial Institutions/ Banks | 2,815 | 0.01 |
| Insurance Companies | NIL | 0 |
| Bodies Corporate | 12,92,887 | 4.91 |
| Non-Resident Indians | 5,44,945 | 2.07 |
| Unclaimed Shares | NIL | 0 |
| Clearing Members | 1,13,346 | 0.43 |
| Employees | NIL | 0 |
| Public | 98,70,730 | 37.49 |
| Employee Benefit Trust | NIL | 0 |
| TOTAL | 2,63,30,000 | 100.00 |

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DISTRIBUTION OF SHARES AS ON 31st MARCH 2021

| Shareholding (Range) | No.of Holders | % of Holders | No.of Shares | % of shares |
|----------------------|---------------|---------------|--------------------|---------------|
| 1 - 500 | 12,593 | 80.405 | 21,99,852 | 8.355 |
| 501 - 1000 | 1,542 | 9.845 | 12,64,778 | 4.804 |
| 1001 - 2000 | 659 | 4.208 | 10,01,160 | 3.802 |
| 2001 - 3000 | 432 | 2.758 | 10,74,018 | 4.079 |
| 3001 - 4000 | 83 | 0.530 | 2,99,669 | 1.138 |
| 4001 - 5000 | 106 | 0.677 | 5,03,290 | 1.912 |
| 5001 - 10000 | 153 | 0.977 | 11,14,151 | 4.231 |
| 10001 and above | 94 | 0.600 | 1,88,73,082 | 71.679 |
| Total | 15,662 | 100.00 | 2,63,30,000 | 100.00 |

Dematerialization of Shares and liquidity

As on March 31, 2021, almost 90.41 % of the company's paid up Equity Share Capital is in dematerialized form and balance 9.59% is in physical form. The Company's Registrar is M/s S.K.D.C. Consultants Ltd., having their registered office at "Surya", 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore-641028, Tamil Nadu (RTA).

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments and their likely impact on equity

There are no outstanding warrants or any convertible instruments. The company has not issued GDR/ADR.

Commodity price risk or foreign exchange risk and hedging activities : Nil

Plant Locations

Factory

Cholangapalayam, Pasur Post, Erode Taluk

Address for Correspondence

Mr. P. Sekar

Company Secretary

SKM Egg Products Export India Limited

No.133, 133/1, Gandhiji Road, Erode - 638 001

DISCLOSURES:

- a) Disclosures on materially significant related party transactions that may have potential conflict with the interest of the company at large. All the related party transactions are entered into on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There are no materially significant related party transactions made by the company with promoters, directors or key managerial personnel or otherwise which may have potential conflict with the interest of the company at large.

The details of the transactions with related parties are provided in the company's financial statements in accordance with the accounting standards. All related party transactions are presented to the audit committee and the board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature.

A statement of all related party transactions is presented before the audit committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

- b) Details of non-compliance by the company, penalties, and strictures imposed on the company by stock exchanges or SEBI or any statutory authorities, on any matter relating to capital markets, during the last three years.

No penalties and/or strictures were imposed on the company by stock exchanges or SEBI or any statutory authorities, on any matter relating to capital markets, during the last three years.

- c) Whistle Blower policy and affirmation that no personnel have been denied access to the audit committee.

The company conducts regular 'Employee Meets' bimonthly where all the employees have a chance to interact directly with the managing director of the company. Besides this, the managing director is reachable via e-mail and landline. Any issue brought to the attention of the management, whether resolved or not, is placed before the audit committee for its perusal and comments.

- d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements.

The company has complied with all the mandatory requirements of corporate governance norms as enumerated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The company has adopted the following non mandatory requirements.

Reporting of internal auditors to audit committee as recommended in terms of Regulation 27(1) read with part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015,

- e) Web link where policy for determining "material" subsidiaries is disclosed

The company has framed a Material Subsidiaries Policy and the same is placed on the company's website www.skmegg.com

- f) Web link where policy on dealing with related party transactions.

The company has framed Related Party Transaction Policy and the same is placed on the company's website www.skmegg.com

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- g) Disclosure of commodity price risks and commodity hedging activities.

During the financial year ended 31/03/2021, the company did not engage in commodity hedging activities

- h) Disclosure on accounting treatment.

In the preparation of the financial statements, the company has followed the Indian Accounting Standards (IND AS) referred to in Section 133 of The Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the notes to the financial statements

- i) Disclosure on risk management

Business risk evaluation and management is an on-going process within the company. The assessment is periodically examined by the board.

- j) Credit Rating:

The company does not have any debt instruments or fixed deposit programme or any scheme or proposal involving mobilization of funds either in India or abroad that requires credit rating.

There has been no instance of non-compliance of any requirement of corporate governance report as stated above.

The company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015.

The company has not provided the disclosure pertaining to the list of core skills / expertise / competency required by the board of directors in the corporate governance report as required under Regulation 34 (3) read with Schedule V (C)(2)(h)(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as the board of directors are yet to identify the same.

Other disclosures:

The company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A certificate from a company secretary in practice that gives the details of the directors on the board of the company who have been debarred or disqualified from being appointed or continuing as directors of companies by the Security Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority has been obtained and is annexed to this report.

During the year under review, the recommendations made by the different committees have been accepted and there were no instances where the board of directors had not accepted any recommendation of the committees.

The company has paid a sum of Rs. 3,00,000/- plus out of pocket expenses and applicable taxes as fees on consolidated basis to the statutory auditor and all entities in the network firm / entity of which the statutory auditor is a part for the services rendered by them.

A certificate from a Company Secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority has been obtained and is annexed to this report.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Certificate from CEO / CFO.

The CEO and CFO certification of the financial statements for the year has been submitted to the board of directors in its meeting held on 26th May, 2021 as required under the SEBI Regulations. All board members and senior management personnel have affirmed their compliance with the code of conduct for the year under review.

Code of Conduct

The board of directors has laid down a code of conduct for all board members and senior management personnel of the company. All board members and senior management personnel have affirmed their compliance with the code of conduct for the year under review.

Code for Prevention of Insider Trading

The company has framed a code of conduct for monitoring the trading done by Insiders based on The SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all directors / officers and such designated persons who are expected to have access to unpublished price sensitive information relating to the company. The company has also formulated "The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)" in compliance with The SEBI (Prohibition of Insider Trading) Regulations, 2015

DECLARATION BY THE MANAGING DIRECTOR / CEO UNDER THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING THE COMPLIANCE WITH THE CODE OF CONDUCT

I hereby affirm and state that all board members and senior management personnel of the company have given declaration in accordance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and I hereby affirm compliance with the said code of conduct for the financial year 2020-21

(By Order of the Board)

For SKM Egg Products Export (India) Limited
SKM Shree Shivkumar
Managing Director
(DIN:00002384)

Place : Erode
Date : 28.07.2021

CEO AND CFO CERTIFICATION

[As per Listing Agreement and Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

The Board of Directors

SKM Egg Products Export (India) Limited

In compliances with the Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended March 31 2021 and that to the best of their knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year 2020-2021 which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for the financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have not observed any deficiencies in the design or operation of such internal controls.
- (d) We have indicated to the Auditors and the Audit committee that there are:
 - (i) No significant changes in internal control over financial reporting during the year;
 - (ii) No significant changes in accounting policies during the year; and
 - (iii) No instances of significant fraud where the involvement of the management or an employee having a significant role in the company's internal control system over financial reporting have been observed.

Place : Erode

Date : 26.05.2021

Managing Director

CFO

AUDITORS' CERTIFICATE OF CORPORATE GOVERNANCE

To

The members,

SKM Egg Products Export (India) Limited

We have examined the compliance of conditions of Corporate Governance by **M/s, SKM Egg Products Export (India) Limited**, for the year ended on **31st March 2021**, as stipulated under Schedule V (E) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was been limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015..

We state that no investor grievance is pending for period exceeding one month against the company, as per the records maintained by the stakeholders relationship committee.

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

Sd/-

Place : Erode

Date : 26.05.2021

N PrasannaVenkatesan
Chartered Accountant
Membership No: 235530

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

**(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i)
Of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To

The Members,

SKM Egg Products Export (India) Limited

I have examined the relevant registers, records, forms, returns and disclosures received from the directors of **M/s. SKM Egg Products Export (India) Limited** having **CIN: L01222TZ1995PLC006025** and having registered office at No 133, 133/1, Gandhiji Road, Erode - 638001 (hereinafter referred to as 'the company'), produced before me by the company for the purpose of issuing this certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the company & its officers, I hereby certify that none of the directors on the board of the company for the financial year ending on **31st March 2021** have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other statutory authority

Ensuring the eligibility for the appointment / continuity of every director on the board is the responsibility of the management of the company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place : Coimbatore

Date : 28.07.2021

V Ramkumar

Company Secretary in Practice

FCS No: 8304

CP3832

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/
joint ventures**

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

| Sl. No. | Particulars | Details | |
|---------|--|--------------------|-------------|
| 1. | Name of the subsidiary | SKM Europe BV, | |
| 2. | The date since which subsidiary company was acquired | 22.09.2005 | |
| 3. | Currency of Subsidiary company | Euro | |
| 4. | Reporting currency | Indian Rupee (INR) | |
| 5. | Percentage of shareholding | 85% | |
| | Particulars | INR (Rs) | EURO |
| 6 | Equity Share Capital | 9,79,740 | 18,000 |
| 7 | Other Equity | 3,24,63,377 | 4,96,896 |
| 8 | Total Assets | 7,27,00,612 | 9,72,923 |
| 9 | Total Liabilities | 3,92,57,495 | 4,58,027 |
| 10 | Investments | - | - |
| 11 | Revenue from Operations | 28,06,43,938 | 32,30,617 |
| 12 | Profit /(Loss)Before Taxation | 29,08,901 | 30,591 |
| 13 | Provision for Taxation | - | - |
| 14 | Profit /(Loss) After Taxation | 29,08,901 | 30,591 |
| 15 | Other Comprehensive Income | (69,098) | - |
| 16 | Total Comprehensive Income | 28,39,804 | 30,591 |
| 17 | Proposed dividend | - | - |

Notes : The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations
2. Names of subsidiaries which have been liquidated or sold during the year.

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Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| S No | Particulars | Information |
|------|--|---|
| 1 | Name of Associates or Joint Ventures | SKM Universal Marketing Company India Private Limited |
| 2 | Latest audited Balance Sheet Date | 31/3/2020 |
| 3 | Date on which the Associate or Joint Venture was associated or acquired | 1/4/2010 |
| 4 | Shares of Associate or Joint Ventures held by the company on the year end | |
| | (i) Number of shares | 7,89,700 |
| | (ii) Amount of Investment in Associates or Joint Venture | Rs.1,18,45,572 |
| | (iii) Extent of Holding (in percentage) | 26% |
| 5 | Description of how there is significant influence | Company holds not less than 20% of equity shares & voting power in the investee company |
| 6 | Reason why the associate/joint venture is not consolidated | Not Applicable |
| 7 | Networth attributable to shareholding as per latest audited Balance Sheet (as on 31.03.2020) | (Rs.48,75,405) |
| 8 | Profit / (Loss) for the year 2020-21 (Unaudited) of the company | Rs.1,44,29,319 |
| | (i) Considered in Consolidation (26%) | Rs. 37,51,623 |
| | (ii) Not Considered in Consolidation | — |

Note : This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

For SKM Egg Products Export (India) Limited

N. PRASANNA VENKATESAN
Chartered Accountant
Membership No. : 235530

SKM MAEILANANDHAN
Executive Chairman
K.S.VENKATACHALAPATHY
Chief Financial Officer

SKM SHREE SHIVKUMAR
Managing Director
P SEKAR
Company Secretary

★★★★★

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**Key factors which affect the performance of the Company:**

01. The Company recorded revenue of Rs.25,848 lakhs (including other income of Rs.1,295 lakhs) for the year ended 31st March,2021 as against Rs.29,307 lakhs (including other income of Rs.2,068 lakhs) in the previous year ended 31st March,2020.
02. The Profit before tax was at Rs.2,004 lakhs for the year ended 31st March,2021 as compared to Rs.815 lakhs during the corresponding in the last year.
03. The Net Profit was at Rs.1,571 lakhs as on 31st March,2021 as against Rs.525 lakhs in the previous year.
04. The quantity sold during the year 2020-21 stood at 5,581 Tons, when compared to 6,831 Tons during the previous year ended 31st March,2020.

Capital expenditure and funding:

01. The Capital Expenditure incurred and funded for the year is Rs.305 lakhs of which Rs.112 lakhs pertain to plant and machinery.
02. During the year under review, your company has sold/deleted/adjusted assets worth Rs.154 lakhs.

OUTLOOK OF THE INDUSTRY

The financial year 2020-21 had been challenging for all, as the Covid-19 pandemic has had a significant impact on lives, livelihoods, and the business. Operational challenges mounted due to restricted movement and disrupted the Exports during the first few months of the pandemic. During the year, world economy witnessed significant slowdown impacting consumer demand. The global trade tensions played a major role in driving down demand and growth expectations. Just when the markets were recovering slowly after Covid19 1st wave, an unprecedented calamity in the form of the 2nd wave of COVID-19 pandemic affected the world, repeated lock downs and large-scale disruptions.

Our Egg powder industry, popularly used as a replacement for “shell eggs which are fragile”, egg powder refers to completely dehydrated eggs that are available in powdered form. It is similar to regular eggs in composition and offers the same benefits. One of the major factors driving the global demand of egg powder is its “long shelf life” and “portability”. Egg powder has a shelf-life of up to 2 years and is non-perishable. Apart from providing the same amount of protein as regular eggs, it is also lactose free, low in carbohydrate, cholesterol and fat.

Egg powder is also highly convenient to use because of its physical form which leads to low to none product wastage and generates no residue after usage like in case of shell eggs. Egg powders are also available in a versatile product range such as egg white powder, egg yolk powder, and whole egg powder. These varied product range can cater to different needs of people. Egg white powder is rich in protein content whereas egg yolk powder contains bulk of the egg’s fat. A person who is opting for low-calorie, high-protein diet can easily consume egg white powder without putting any effort in the tedious segregation process of egg yolk and egg white. Catalysed by its numerous benefits, egg powder has become a crucial element in countless applications of the food industry due to its exceptional binding and emulsion capabilities.

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However the growth expectation of global egg powder market, witnessing substantial growth during the next decades, was dampened later due to the Pandemic. Increasing egg consumptions based on its nutritional value in the developing economies, expecting to be the primary factors for the rising growth of global egg powder market during next 5 years, was also subsided. The Export market for egg products plunged by 30% as the more virulent second wave of the pandemic and gloomy demand outlook forced us to stave off our capex and expansion plans and to focus more on cost cutting measures. Even on the domestic front, the product off take remains abysmally low as against our past estimation.

FUTURE PROSPECTS

However, post 2nd wave of the Pandemic, with a confidence of not much severity in 3rd wave in future due to world wide successful vaccination process and improved public awareness and cautiousness amongst the public, we expect bouncing back our Industry from those hurdles; and strong anticipation of increasing consumer inclination towards the bakery and confectionery goods at a global level looks bright and possible in near future.

Though the second wave of the pandemic unfolds with predictions of a third wave in the offing, our focus continues to be on our people's health & safety, ensuring uninterrupted supplies of Egg Powder and other related products portfolio, meeting the demand arising out of evolving customers' needs, caring for the communities in which we operate, and finally, protecting our business model. Moreover you company has been analysing all prospects to achieve substantial savings in Raw Material Cost, with a motive of sustenance in its profitability.

We have lived through strange times in the last few months. Our country has been uprooted from its state of normalcy and the country is dealing with uncertainty, disruptions in business and new norms of social distancing. It takes a strong foundation to weather the biggest storm this generation has seen. And the testing times showed us that we are stronger than ever. Every member in the SKM ecosystem stood up to the occasion, braving hurdles that came their way – from rapidly changing laws, health and hygiene practices, to lack of labour and transportation. It is not the fastest or the strongest who will thrive in this environment, but it will be the ones who are the most adaptive. We have worked together as a team, adapted every day, come up with innovative ways of working and kept the wheels of business in motion better than ever before. We have been driven by the hunger to build our business and at the same time, help our nation by staying committed to our vision of providing affordable nutrition to all. And it is this never-say-die attitude that gives us hope that tomorrow will be a Great Day – for our business, for India and for the world as well.

SALES AND MARKETING:

Egg products international market is highly competitive one. In this situation, we, SKM Egg Products Export (India) Limited has established a very wide network in Russia, Europe, Japan, Indonesia, Thailand, Vietnam, Malaysia, Taiwan, Nigeria, UAE, Saudi Arabia - countries successfully. We are maintaining good relationship with customers, consistency in quality and timely delivery, etc., are the main points for our success in getting repeat orders for the past 25 years, particularly from the major markets of Russia, Japan, Europe, Indonesia, Thailand, Vietnam, Nigeria, Taiwan, Dubai, etc.,

Normally it is very difficult to enter Japan and Europe markets where USA and European suppliers are delivering at competitive prices. But, with our management's support, our marketing and sales team has successfully established our market share in these markets and sell our products at competitive prices where quality of our products is at par with the Europe and USA suppliers.

Further we are the first Asian company in egg products sector to enter Russian market. It is not so easy to enter this market as European suppliers are very strong in this region. Nearly after 4 years of hard work (fulfilling their Regulation is so difficult), successfully we entered in this market in 2015-16 and now Russia is our customer for our Egg Yolk variants. We are

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

exporting around 60% of our egg yolk powder variants to Russia only. We are the only approved egg powder supplier from India for Russian market.

Our new products of Chilled Egg Liquid & frozen egg liquid are highly acceptable in Europe, Middle East and South East Asian countries, and successfully penetrated in these markets. We are continuously exporting our egg liquid products in UAE and Middle East countries. And also two main customers in Oman and Dubai have already approved our liquid products and started buying it @ 3 containers per month. Further we are exporting Frozen Egg Albumen product and Frozen Egg Yolk Liquid shipments to Thailand regularly. Also started liquid and powder product shipments to new customer in Philippines and Malaysia also. Apart from this our samples are approved by Iran customers also and confirmed to place orders for Egg Yolk Powder variants (if the regulation allow we can export to them).

In order to increase our market share and understand customer requirements, we visit customers at their place at regular intervals and also visit international food shows to expand market contacts.

Now we have entered the new markets/customers in Ghana, Uganda, Nigeria, etc., also working to identify more customers in Madagascar, Korea, Europe, etc., We hope, to expand our sales in these markets within end of this financial year.

Apart from the above, we have successfully entered domestic market with innovative egg products like, Egg Albumen cube, retail & whole sale pack of egg liquid variants, Egg protein health drinks, etc., There is good demand for these products in the domestic market and we are working to go for pan India basis.

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:

SKM HR Division is tasked with maximizing employee productivity and protecting the company from any issues that may arise within the workforce. Also HR responsibilities include compensation and benefits, recruitment, firing, and keeping up todate with Statutory Compliance that may affect the company and its employees.

SKM HR prioritizes consistent payroll practices and make sure that all benefits are working for their employees either Management or Government. HR understand the role that company culture, employee development and career opportunities play in employee engagement and retention.

SKM HR Provides welfare facilities to the employees and their family members like providing Medclaim, Uniforms, Transportation and accommodation to their employees. Compliance with social security measure like day one covered under Employees Provident Fund, Employees State Insurance and Employees Gratuity etc.

SKM HR follows Performance Management Systems PMS on annual based thro monitoring KRA&KPI by providing training and development as per Training Calendar.

SKM HR Thanks for being part of our company's success over the years. We greatly appreciate and value of our employees' hard work and success. ...



ANNUAL REPORT ON CSR ACTIVITIES

1. Brief Outline on CSR Policy of the Company

The Company formed a CSR Committee of the Board. It has formulated a CSR Policy that has been approved by the Board, laying stress on CSR activities to be undertaken in its neighbourhood. The Company's focused programmes are in the field of community development, water, sanitation, education, health, rural infrastructure and technical training. Its ongoing CSR activities would get aligned to the CSR policy. The CSR policy has been posted on the website of the company - www.skmeegg.com.

2. Composition of CSR Committee:

| Name of the Director | Category of Directorship | No. of CSR Committee Meetings held | No. of CSR Committee Meetings attended |
|-----------------------|---|------------------------------------|--|
| Shri.L.M.Ramakrishnan | Independent Director | 1 | 1 |
| Shri.C.Devarajan | Independent Director | 1 | 1 |
| Shri D. Venkateswaran | Independent Director | 1 | 1 |
| Smt.S.Kumutaavalli | Non-Executive Non Independent Director | 1 | 1 |

- Web-link where composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: www.skmeegg.com.
- Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules,2014, if applicable (attach the report): Not Applicable.
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial

| S. No | Financial Year | Amount available for set-off from preceding financial years, if any (in Rs) | Amount required to be set off for the financial year, if any (in Rs) |
|-------|----------------|---|--|
| NA | | | |

- Average net profit of the company as per section 135(5): Rs.6,54,66,354/-
- Two percent of average net profit of the company as per section 135(5): Rs.13,09,327
 - Surplus arising out of the CSR projects or programmes or activities of the previous financial years. NA
 - Amount required to be set off for the financial year, if any: NA
 - Total CSR obligation for the financial year (7a+7b-7c): Rs.13,09,327

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

8. (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year (in Rs) 30,50,000 | Amount Unspent (in Rs) | | | | |
|--|---|------------------|---|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
| | Amount | Date of Transfer | Name of the Fund | Amount | Date of Transfer |
| -----NA----- | | | | | |

(b) Details of CSR amount spent against ongoing project for the financial year

| 1 | 2 | 3 | 4 | 5 | | 6 | 7 | 8 | 9 | 10 | 11 | |
|-------|---------------------|---|---------------------|-------------------------|----------|------------------|--|--|---|--|--|---------------------|
| Sl No | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/No) | Location of the project | | Project duration | Amount allocated for the project (in Rs) | Amount spent in the current financial Year (in Rs) | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs) | Mode of Implementation Direct (Yes/No) | Mode of Implementation Through Implementing Agency | |
| | | | | State | District | | | | | | Name | CSR Registration No |
| NIL | | | | | | | | | | | | |

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|-------|--|---|---|---|---|---|--|
| Sl No | CSR Project or activity identified | Sector in which the Project is covered | Project or programs (1) Local area or other (2) Specify the State & district where projects or programs was under taken | Amount outlay (budget) project or program wise (Rs) | Amount spent on projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overheads: | Cumulative expenditure upto thereporting period | Amount spent: Direct or through implementing agency |
| | Providing health and mind relief and welfare to people | * Item number (i) and (ii) of Schedule VII of the Companies Act, 2013 | 1) Local Area - Saminathapuram Erode District TamilNadu | 30,50,000/- | Direct expenditure on projects or programs Adoption of 2 Villages Rajeev Nagar and Gandhi Nagar and providing them medical relief and providing education through implementingagency as well as by the company. | 2,06,65,531/- | Implementing Agency - SKM Health and Mind Welfare Charitable Trust |

*Schedule VII of the Companies Act, 2013:

- (i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.
- (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

- (d) Amount spent in Administrative Overheads:
- (e) Amount spent on Impact Assessment, if applicable: Nil
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 30,50,000/-
- (g) Excess amount for set off, if any: Nil

| SI No | Particulars | Amount (in Rs) |
|-------|---|----------------|
| (i) | Two percent of average net profit of the company as per section 135(5) | 13,09,327.00 |
| (ii) | Total amount spent for the Financial Year | 30,50,000.00 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | 17,40,673.00 |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NIL |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | NIL |

9 (a) Details of Unspent CSR Amount for the preceding three financial years:

| SI No | Preceding Financial Year | Amount transferred to Unspent CSR account under section 135 (6) (in Rs) | Amount spent in the Reporting Financial Year (in Rs) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any | | | Amount remaining to be spent in succeeding Financial Year (in Rs) |
|-------|--------------------------|---|--|---|----------------|------------------|---|
| | | | | Name of the Fund | Amount (in Rs) | Date of transfer | |
| NIL | | | | | | | |

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|-------|------------|---------------------|---|------------------|--|---|---|--|
| SI No | Project ID | Name of the Project | Financial Year in which the project was commenced | Project duration | Total amount allocated for the project (in Rs) | Amount spent on the project in the reporting Financial Year (in Rs) | Cumulative amount spent at the end of reporting Financial Year. (in Rs) | Status of the project - Completed / On-going |
| NIL | | | | | | | | |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): NA
- (a) Date of creation or acquisition of the capital asset(s): NA
 - (b) Amount of CSR spent for creation or acquisition of capital asset: NA
 - (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc.: NA
 - (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): NA
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): NA

For and on behalf of the Board

Sd/-

SKM Maeilanandhan,
Chairman

DIN: 00002380

Place:Erode

Date: 28.07.2021

FORM AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis
Not Applicable
2. Details of material contracts or arrangement or transactions at arm's length basis

| | | |
|---|---|---|
| 1 | Name of related party and Nature of relationship | SKM Universal Marketing Company India Private Limited: Common Directors SKM Siddha and Ayurvedha Company (India)Private Limited: Common Directors SKM Animal Feeds and Foods India Private Limited: Relative of Directors |
| 2 | Nature of contracts/ arrangements/ transactions | Egg Purchase, Egg sales, Wind Power Purchase, Feed Sales & Purchase of feed supplementary |
| 3 | Duration of the contracts/arrangements/ transactions | FY 2020-21 |
| 4 | Salient terms of the contracts or arrangements or transactions including the value, if any; | Nil |
| 5 | Date(s) of approval by the Board, if any. | Every Quarter |
| 6 | Amount paid as advances, if any. | Nil |

For and on behalf of the Board

Sd/-

SKM Maeilanandhan,

Chairman

DIN: 00002380

Place : Erode

Date : 28.07.2021

DETAILS OF POWER & FUEL CONSUMPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

| PARTICULARS | 2020-2021 | 2019-2020 |
|--|-------------|-------------|
| (I) POWER AND FUEL CONSUMPTION | | |
| (1) Electricity | | |
| a. Purchased units (Kwh) | 68,24,612 | 82,62,502 |
| Total Amount (Rs.) | 5,21,84,701 | 6,32,78,438 |
| Rate / Unit (Rs.) | 7.65 | 7.66 |
| b. Own Generation through Diesel Generator | | |
| Units (Kwh) | 2,56,000 | 3,64,500 |
| Total Amount (Rs.) | 44,15,483 | 60,70,150 |
| Units per litre of Diesel Oil | 3.33 | 3.29 |
| Cost/Unit (Rs.) | 17.25 | 16.65 |
| (2) Furnace Oil | | |
| Quantity (Litres) | 8,000 | 76,300 |
| Total Cost (Rs.) | 2,16,318 | 23,88,865 |
| Average Rate (Rs.) | 27.04 | 31.31 |
| (3) Coal | | |
| Quantity (Metric Tons) | 6,207 | 7,488 |
| Total Cost (Rs.) | 3,09,92,696 | 4,11,05,703 |
| Average Rate (Rs.) | 4,993 | 5,489 |
| (II) CONSUMPTION PER UNIT OF PRODUCTION | | |
| Product - Egg Powder (Metric Ton) | 4,005 | 5,404 |
| Electricity (Rs. Per Metric Ton) | 14,133 | 12,833 |
| Fuel (Rs. Per Metric Ton) | 7,793 | 8,049 |
| FOREIGN EXCHANGE EARNINGS AND OUTGO : (Rs. In lacs) | | |
| Earnings : | 14,788 | 18,238 |
| Outgo : | 442 | 729 |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

CONSERVATION OF ENERGY:

1. We have fixed Variable Frequency Drives for all Motors. It will control power actual consumption thereby there shall be reduction in power units.
2. We have converted all existing lightings by LED bulbs, thereby power consumption shall be substantially saved.
3. Boiler Feed water temperature increased by introduction of "Feed water tank lever controller", thereby coal consumption shall be reduced.
4. Air and Fuel ratio converted from Manual to Atomization, thereby coal consumption shall be reduced.
5. The energy efficient float trap introduced in Boiler condensate recovery system, thereby considerable coal consumption shall be reduced
6. The Glass wool insulation in all Steam pipe line changed into mineral wool insulation, thereby coal consumption shall be reduced.
7. The Grade bar in the furnace of the boiler has been replaced by SS nozzle Bed thereby coal consumption is reduced.
8. Up to recent period, the EB substation was 7 KM away from our Factory, now shifted nearby our Factory, hence lot of power cut have now been reduced thereby operation of Diesel genset is drastically reduced as Power generation through Diesel is costlier.

RESEARCH AND DEVELOPMENT:

Pilot bakery established:

Installed a Baking unit for R&D and developed variants of Whole egg liquid for Cupcake and other applications.

Boiled eggs:

Developed hard boiled peeled eggs for the domestic market

Protein Drink mix:

In process of developing Egg pro sports+ and Life in Chocolate and Coffee flavors

Egg Pro Life - Diabet & Nephro:

In process of developing fortified health drink mixes for Diabetic and Dialysis patients

Egg Albumen Mango Cubes:

Developed Egg albumen cubes with Mango pulp for the Domestic market - (Market survey to be done)

Dried Scrambled egg mix:

Developed Dried Scramble egg mix for the domestic market - (Ready for Market survey)

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Dried Omelette and Bhurji mix:

Developed Dried Omelette and Bhurji mix for the domestic market - (Ready for Market survey)

Egg Nuggets/Patty:

In the process of developing Egg Nuggets and Patty for the domestic market

Egg Soup:

In process of developing various instant Egg soup mixes for the Domestic and Export market

For and on behalf of the Board

Sd/-

SKM Maeilanandhan,

Chairman

DIN: 00002380

Place :Erode

Date : 28.07.2021

FORM No. MR 3
Secretarial Audit Report
For the financial year ended 31st March, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies

To

The Members,

SKM Egg Products Export (India) Limited,

No 133, 133/1, Gandhiji Road,

Erode 638001

I V. Ramkumar, Company Secretary in Practice (Membership No.:F8304, CP No:3832) conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SKM Egg Products Export (India) Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with our letter of even date annexed to this report as Annexure-A

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions of

- i. The Companies Act, 2013 (the Act) and the rules made thereunder
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
Not applicable to the company during the period under review.
- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
Not applicable to the company during the period under review.
- e. The Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 and the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) (Amendment) Regulations, 2018;
- f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
Not applicable to the company during the period under review.
- g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
Not applicable during the period under review as the company is not acting as a Registrar and Share Transfer Agent
- h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review
- i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
Not applicable as the Company has not bought back any of its securities during the financial year under review.
- vi. The laws as are applicable specifically to the Company are as under:
 - 1. Food Safety and Standards Act, 2006
 - 2. The Export (Quality Control and Inspection) Act, 1963

I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulation to the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited and SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the observations made during the course of the Audit and herein enclosed.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes, if any, in the composition of the Board of Directors that took place during the period under review are carried out in compliance with the provisions of the Act.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent generally seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

I am informed that there were no dissenting members of the Board on any matters during the year, whose views were required to be captured and recorded as part of the minutes.

In my opinion, adequate systems and processes and control mechanism exist in the Company which commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines subject to our specific observations in Annexure- B to this report

Date: 28.07.2021
Place: Coimbatore

V. Ramkumar
FCS No. 8304
C P No. 3832
UDIN:F008304C000666973

Annexure -A to Secretarial Audit Report of even Date

To

The Members,

SKM Egg Products Export (India) Limited,

No 133, 133/1, Gandhiji Road,

Erode 638001.

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. Due to restrictions on movement of people amid COVID-19 pandemic and lockdown restrictions, we have to conduct our audit by examining various records and documents including minutes, registers, certificates and other records received through electronic / virtual mode from the company. Hence, we state that we have not verified the physical original documents and records. The management has confirmed that the records provided to us for audit are true and correct.
3. Further, our audit report is limited to the verification and reporting on the statutory compliances on laws / regulations / guidelines listed in our report and the same pertain to the financial year ended on March 31 2021.
4. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
5. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
6. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Annexure -B to Secretarial Audit Report of even Date- Observations

1. Pursuant to regulation 25(3) requires the Independent Directors to meet once year and discuss the items mentioned in regulation 25(4). However we were unable to verify matters transacted at the meeting as informed by the company secretary of the company that minutes of the meeting of the Independent Directors are confidential and only Board Members have an access to the minutes.
2. The minutes pertaining to the CSR committee meetings were not made available to the auditor and hence could not be verified.

Date: 28.07.2021
Place: Coimbatore

V. Ramkumar
FCS No. 8304
C P No. 3832
UDIN:F008304C000666973

Information pursuant to Section 197 of the Act with Rule 5(1) of the Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

- a. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary during the financial year 2020-21 and Ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year 2020-21:

| Name of the Director / Key Managerial Personnel | % increase in remuneration in the Financial Year 2020-2021 | Ratio of the remuneration to the median remuneration of the employees |
|--|---|--|
| Shri SKM Maeilanandhan (Chairman) | ----- | 15 |
| Shri SKM Shree Shivkumar (Managing Director) | ----- | 80 |
| Smt.S.Kumutaavalli (Director) | ----- | ----- |
| Dr.LM.Ramakrishnan (Independent Director) | ----- | ----- |
| Shri.C.Devarajan (Independent Director) | ----- | ----- |
| Shri.TN Thirukumar (Independent Director) | ----- | ----- |
| Shri.GN Jayaram (Independent Director) | ----- | ----- |
| Shri.B.Ramakrishnan (Nominee Director- TIDCO) | ----- | ----- |
| Shri.D.Venkateswaran (Independent Director) | ----- | ----- |
| Shri.K.S.Venkatachalapathy (Chief Financial Officer) | 8.70 | 13 |
| Shri.PSekar (Company Secretary) | 4.80 | 3 |

During the year, the Non-Executive Directors received only the sitting fees as remuneration.

- b. The percentage increase in the median remuneration of employees in the financial year 2020-21: 6.50%
- c. The number of permanent employees on the rolls of company: 186
- d. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

The average decrease in the salaries of employees other than the managerial personnel in 2020-21 was NIL. The Percentage increase in the managerial remuneration for the same financial year was NIL.

- e. Affirmation that the remuneration is as per the remuneration policy of the company.

It is hereby affirmed that the remuneration paid to the Directors and Key Managerial Personnel are as per the Nomination and Remuneration Policy of the Company.

For and on behalf of the Board

Sd/-

SKM Maeilanandhan,

Chairman

DIN: 00002380

Place : Erode

Date : 28.07.2021

★★★★★

INDEPENDENT AUDITOR'S REPORT

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

Report on the Standalone financial statements

Opinion:

We have audited the accompanying standalone financial statements of M/s. SKM EGG PRODUCTS EXPORT (INDIA) LIMITED, ("the Company") (Registered Office at 133, 133/1, Gandhiji Street, Erode - 638 001), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (Including Other Comprehensive Income), the Statement of changes in equity and Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021; the Profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion:

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of Standalone Financial Statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

| S No | Key Audit Matter | Auditor's Response |
|------|--|---|
| 1 | <p>Inventory Existence and Valuation:</p> <p>As on 31st March 2021, the Company carries inventories to the tune of Rs.77.87 crores.</p> <p>We considered the amount of inventories as a key audit matter given the relative size of the balance in the financial statements.</p> <p>Also there are complexities and manual process involved in determining inventory quantities on hand and valuation of the same due to the diverse & numerous inventory products and stocks held in overseas branch and price fluctuations of products. Therefore inventory quantities and valuation is identified as a key audit matter.</p> | <ul style="list-style-type: none"> ● We have attended inventory counts for certain products, which we have selected based on financial significance and risk, observed management's inventory count procedures to assess the effectiveness, selected a sample of inventory products and compared the quantities counted to the quantities recorded and ensured inventory adjustments, if any, are recorded in the books of accounts. ● With regard to the stocks held in the overseas branch and in transit, we have received the certificate from the overseas branch auditor and obtained management representation and verified the relevant documents relating to goods sent from head office to the branch ● Reviewed the internal audit report regarding physical verification of inventories and traced adjustments on sample basis. ● Comparative analysis of inventory as at the end of the year with the inventory at the beginning of the year. ● We assessed whether the management's controls relating to inventory's valuation are appropriately designed and implemented and verified the correctness of valuation made by the management on a sample basis, with regard to the cost and net realizable value of inventory. |
| 2 | <p>Amortisation of livestock:</p> <p>For the company, the primary raw material is the egg, which was used to be acquired from outside in large quantities and was also produced in-house in small quantities by the poultry farm owned by the company. However, during the year, the company has started operating certain additional poultry farms and feed mills by taking the same on lease.</p> | <p>Examined the method used to amortize the livestock expenses with reference to the company's historical experience and technical evaluation by internal experts (doctors) appointed by management.</p> <ul style="list-style-type: none"> ● Evaluated the rationale in arriving at the amortization rate with regard to the number of eggs expected from birds during the laying stage, residual value of culled birds, manner and timing of amortization. |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

| S No | Key Audit Matter | Auditor's Response |
|------|---|--|
| | <p>The amortization of livestock during the year amounts to 11.49 crores. Also there are complexities and manual process involved in arriving at the amortization rate considering a variety of factors such as age, productivity of the birds, life of birds, residual value, if any, etc., Therefore amortization of livestock is identified as a key audit matter.</p> | <ul style="list-style-type: none"> ● Analyzed the flow of transactions starting from accumulating the various expenditure incurred for raising the birds such as feeds, medicines, vaccines, growing and supervision charges, etc., till the birds attain laying stage. After the birds starts laying eggs, the expenses so accumulated are amortized over the useful life of the birds in proportion to the eggs laid after adjusting for the residual value of culled birds on the basis of past experiences and estimation. ● Assessed the objectivity and competence of the Company's internal experts involved in the process. |
| 3 | <p>Evaluation of Contingent liabilities:</p> <p>The company has an uncertain indirect tax position and other contingent liabilities in respect of bills discounted which involve significant judgment to determine the possible outcome of these matters.</p> | <ul style="list-style-type: none"> ● Obtained the details of completed indirect tax assessments and demands as on 31.03.2021 from the management. ● We have also reviewed the company's correspondences and appellate documents and considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions ● In respect of bills discounted, analyzed the history of the business transactions of the company with the debtors whose bills were discounted and the trend of payments made by the debtors in the past and also had taken into account the transactions occurring after the balance sheet date in assessing the recoverability of debtors for the bills discounted. ● Ascertained the chances of crystallization of liability are probable / possible / remote and ensured appropriate disclosure under Notes on accounts. |

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance Report, and Shareholder Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone financial statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility for the Audit of Standalone financial statements:

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters:

We did not audit the financial statements / information of 1 branch (Foreign branch) (In Russia) included in the standalone financial statements of the Company whose financial statements / financial information reflect total assets of Rs.17,50,70,530/- as at 31st March, 2021 and total revenues of Rs.44,38,78,319/- for the year ended on that date, as considered in the standalone financial statements. The financial statements / information of this branch have not been audited by us and has been audited by Russian Auditor whose audit report has been furnished to us and our opinion is based on those Financial Statements received from the Branch Office and certified by the Russian Auditor. Our opinion is not qualified / modified in respect of this matter.

Report on Other Legal and Regulatory Requirements:

- 1) As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder.
 - e) On the basis of written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A";
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, the remuneration paid / provided during the year to directors is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements - Also Refer Note number 2(ii) of Notes on Accounts to the Standalone Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- 2) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure - B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

Date : 26.05.2021
Place : Erode

N.PRASANNA VENKATESAN
CHARTERED ACCOUNTANT
Membership No.235530
UDIN : 21235530AAAACC7678

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ANNEXURE - A

TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Referred to in paragraph 1 (f) under Report on Other legal and Regulatory Requirements of our Report of even date

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **M/s.SKM EGG PRODUCTS EXPORT (INDIA) LIMITED, ("the Company")** as of 31 March 2021 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls:

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility:

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting:

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting:

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion:

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Date : 29.06.2021

Place : Erode

N.PRASANNA VENKATESAN
CHARTERED ACCOUNTANT
Membership No.235530
UDIN : 21235530AAAACC7678

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"ANNEXURE B"

TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE INDAS FINANCIAL STATEMENTS OF SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Referred to in Paragraph 2 under the Heading of "Report on Other Legal and Regulatory Requirements" section of our report of even date

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we report that,

1. a. The Company is maintaining proper records showing full particulars including quantitative 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. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. The Management has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed on physical verification.
3. The Company during the year has not granted any secured or unsecured loans to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act.
4. The Company during the year has not granted any loans, or made any investments, or given any security or guarantees and hence Section 185 and 186 of the Companies Act, 2013 are inapplicable.
5. The Company has not accepted any deposits from the public and hence this clause is inapplicable.
6. The Central Government has specified the maintenance of Cost Records under sub-section (1) of section 148 of the Companies Act, and such accounts and records have been made and maintained.
7. a. According to the records of the company, the company is regular in depositing undisputed statutory dues including provident fund, employee state insurance, income-tax, sales-tax, service Tax, duty of customs, duty of excise, value added tax, cess and other statutory dues, to the extent applicable, 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 31st March, 2021 for a period of more than six months from the date they became payable.
- b. Disputed dues of income-tax, sales-tax, service Tax, duty of customs, duty of excise, value added tax, cess and other statutory dues, if any, pending as at 31st March, 2021 are given below:

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

| Nature of the Statute | Nature of dues | Forum where the dispute is pending | Period to which the amount relates | Amount (Rs) |
|--------------------------|----------------|--|------------------------------------|-------------|
| Central Excise Act, 1944 | Excise Duty | CESTAT, Chennai | November, 2011 to March, 2014 | 5,58,575/- |
| Finance Act, 1994 | Service Tax | High Court of Chennai | January, 2005 to April, 2006 | 2,00,863/- |
| | | High Court of Chennai | July, 2005 to March, 2006 | 7,92,817/- |
| | | CESTAT, Chennai | April, 2006 to March, 2016 | 18,00,280/- |
| | | Deputy Commissioner of Central Excise, Salem | April, 2014 to September, 2014 | 7,36,203/- |
| | | CESTAT, Chennai | August, 2012 to March, 2015 | 43,96,748/- |
| | | Assistant Commissioner of Central Excise & GST, Erode. | April, 2015 to March, 2017 | 39,64,111/- |

8. The company has not defaulted in repayment of loans or borrowings to Financial Institutions, banks or government.
9. The company during the year has not raised any money through Initial or Further Public Offer (including debt instruments) and hence this clause is inapplicable in as much as it deals with raising of money through public offer and its subsequent application. Based on our audit procedures, we are of opinion that, term loans borrowed by the company were applied for the purposes for which those are raised.
10. According to the information and explanation given to us and from the audit procedures adopted by us, we are of opinion that, no fraud by the company or no fraud on the company by its officers or employees has been noticed or reported during the year.
11. The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the companies Act, 2013.
12. The Company is not a "Nidhi company" and hence the Nidhi Rules, 2014 are inapplicable and consequently this clause is inapplicable to the company.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

13. According to the information and explanation given to us, all transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013, wherever applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.
14. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence this clause is inapplicable to the company.
15. According to the information and explanation given to us and from our audit observation, we are of opinion that, the company has not entered into any non-cash transactions with its directors or persons connected with them and hence Section 192 of the Companies Act, 2013 and this clause are inapplicable to the company.
16. The company is not a Non-banking financial company and hence the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence the requirement to get registered under Reserve Bank of India Act, 1934 does not arise.

Date : 26.05.2021

Place : Erode

N.PRASANNA VENKATESAN
CHARTERED ACCOUNTANT
Membership No.235530
UDIN : 21235530AAAACC7678

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SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

STANDALONE BALANCE SHEET AS AT 31.03.2021

CIN : L01222TZ1995PLC006025

(in ₹)

| Particulars | Note No. | As at 31.03.2021 | As at 31.03.2020 |
|---|----------|-----------------------|-----------------------|
| I. Assets | | | |
| (1) Non-current assets | | | |
| (a) Property, Plant and Equipment | 3(a&b) | 69,37,99,051 | 64,65,66,193 |
| (b) Capital work-in-progress | 3(c) | 2,27,12,723 | 2,56,83,253 |
| (c) Financial Assets | | | |
| (i) Investments | 4(a) | 1,26,78,351 | 1,26,78,351 |
| (ii) Loans | 4(b) | 2,59,43,400 | 2,13,53,261 |
| (2) Current assets | | | |
| (a) Inventories | 5 | 77,87,29,626 | 70,40,97,318 |
| (b) Financial Assets | | | |
| (i) Investments | 6(a) | 15,30,22,361 | - |
| (ii) Trade receivables | 6(b) | 12,06,52,703 | 15,02,28,818 |
| (iii) Cash and cash equivalents | 6(c) | 10,44,20,027 | 21,47,28,071 |
| (iv) Bank balances other than (ii) above | 6(d) | 51,09,638 | 41,64,204 |
| (v) Loans | 6(e) | 7,74,77,791 | 2,72,56,670 |
| (vi) Other Financial Assets | 6(f) | - | 2,50,00,000 |
| (c) Other current assets | 7 | 3,67,66,385 | 5,50,34,620 |
| Total Assets | | 2,03,13,12,057 | 1,88,67,90,759 |
| II. EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share capital | 8(a) | 26,33,00,000 | 26,33,00,000 |
| (b) Other Equity | 8(b) | 86,24,10,337 | 71,84,49,286 |
| LIABILITIES | | | |
| (1) Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 9(a) | 1,47,31,828 | 2,58,71,845 |
| (ii) Other Financial Liabilities - Non current | 9(b) | 7,13,83,126 | - |
| (b) Provisions | 10 | 43,28,870 | 58,69,260 |
| (c) Deferred tax liabilities (Net) | 11 | 5,42,98,289 | 6,56,55,731 |
| (d) Other non-current liabilities | | - | - |
| (2) Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 12(a) | 52,59,65,088 | 61,60,50,541 |
| (ii) Trade payables | 12(b) | | |
| (A) total outstanding dues of micro enterprises and small enterprises; and | | 4,11,600 | 7,69,163 |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises. | | 14,36,96,902 | 15,03,81,882 |
| (iii) Other financial liabilities | 12(c) | 3,68,59,094 | 1,40,16,454 |
| (b) Other current liabilities | 13 | 3,29,33,661 | 1,78,32,597 |
| (c) Provisions | 14 | 2,09,93,262 | 85,94,000 |
| (d) Current Tax Liabilities (Net) | | - | - |
| Total Equity and Liabilities | | 2,03,13,12,057 | 1,88,67,90,759 |

See accompanying Notes to the Financial Statements

FOR AND ON BEHALF OF THE BOARD

N. PRASANNA VENKATESAN
Chartered Accountant
Membership No. : 235530

SKM MAEILANANDHAN
Executive Chairman & Whole Time Director

SKM SHREE SHIVKUMAR
Managing Director

K.S.VENKATACHALAPATHY
Chief Financial Officer
Membership No. : 029064

P. SEKAR
Company Secretary
Membership No.F10744

Place : Erode
Date : 26.05.2021

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31.03.2021

CIN : L01222TZ1995PLC006025

(in ₹)

| Particulars | Note No. | As at 31.03.2021 | As at 31.03.2020 |
|---|----------|-----------------------|-----------------------|
| Revenue from operations | 17 | 2,45,52,60,424 | 2,72,39,04,621 |
| Other Income | 18 | 12,95,15,874 | 20,67,80,261 |
| Total Income | | 2,58,47,76,299 | 2,93,06,84,881 |
| EXPENSES | | | |
| Cost of materials consumed | 19 | 1,64,58,63,659 | 2,15,66,49,354 |
| Purchases of Stock-in-Trade | 20 | 2,31,64,624 | 10,77,56,986 |
| Changes in inventories of finished goods, Stock-in -Trade and work-in-progress | 21 | (1,82,21,206) | (16,72,94,354) |
| Employee benefits expense | 22 | 15,52,99,184 | 16,24,01,102 |
| Finance costs | 23 | 3,75,33,400 | 5,96,79,662 |
| Depreciation and amortization expense | 24 | 20,67,72,926 | 14,15,06,278 |
| Other expenses | 25 | 33,39,37,966 | 38,84,67,675 |
| Total expenses | | 2,38,43,50,553 | 2,84,91,66,702 |
| Profit/(loss) before tax | | 20,04,25,745 | 8,15,18,180 |
| Tax expense: | | | |
| (1) Current tax | 26(i) | 5,48,85,422 | 2,92,88,240 |
| (2) Deferred tax | 26(ii) | (1,14,14,897) | (7,93,578) |
| Profit/(loss) for the period | | 15,69,55,220 | 5,30,23,517 |
| Other Comprehensive Income | | | |
| (i) Items that will not be reclassified to Statement of Profit and loss | | 2,28,286 | (7,59,872) |
| (ii) Income tax relating to items that will not be reclassified to Statement of Profit and loss | | 57,455 | (2,11,396) |
| (iii) Items that will be reclassified to Statement of Profit and loss | | - | - |
| (iv) Income tax relating to items that will be reclassified to Statement of Profit and loss | | - | - |
| Total Comprehensive Income for the year | | 15,71,26,051 | 5,24,75,042 |
| Earning per equity share of face value Rs.10 each | 27 | | |
| Basic (in Rs) | | 5.96 | 2.01 |
| Diluted (in Rs) | | 5.96 | 2.01 |

See accompanying Notes to the Financial Statements For and on behalf of the Board

FOR AND ON BEHALF OF THE BOARD

N. PRASANNA VENKATESAN
Chartered Accountant
Membership No. : 235530

SKM MAELANANDHAN
Executive Chairman & Whole Time Director

SKM SHREE SHIVKUMAR
Managing Director

K.S.VENKATACHALAPATHY
Chief Financial Officer
Membership No. : 029064

P. SEKAR
Company Secretary
Membership No. F10744

Place : Erode
Date : 26.05.2021

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Statement of Changes in Equity

A. Equity Share Capital

| Balance at the beginning of the reporting period (i.e. 1st April, 2020) | Changes in equity share capital during the year 2020-21 | Balance at the end of the reporting period (i.e. 31st March, 2021) |
|---|---|--|
| 26,33,00,000 | - | 26,33,00,000 |
| Balance at the beginning of the reporting period (i.e. 1st April, 2019) | Changes in equity share capital during the year 2019-20 | Balance at the end of the reporting period (i.e. 31st March, 2020) |
| 26,33,00,000 | - | 26,33,00,000 |

B. Other Equity

As on 31st March 2021

| Particulars | Reserves & Surplus | | | | |
|---|--------------------|-----------------|-------------------|----------------------------|---------------|
| | Securities Premium | General Reserve | Retained Earnings | Other Comprehensive Income | Total |
| Balance at the beginning of the reporting period (i.e. 1st April, 2020) | 4,00,692 | 4,32,812 | 71,06,18,656 | 69,97,126 | 71,84,49,286 |
| Total Comprehensive Income for the year | - | - | 15,69,55,220 | 1,70,831 | 15,71,26,051 |
| Dividends | | | (1,31,65,000) | | (1,31,65,000) |
| Tax on dividends | | | - | | - |
| Balance at the end of the reporting period (i.e. 31st March, 2021) | 4,00,692 | 4,32,812 | 85,44,08,876 | 71,67,957 | 86,24,10,337 |

As on 31st March 2020

| Particulars | Reserves & Surplus | | | | |
|---|--------------------|-----------------|-------------------|----------------------------|---------------|
| | Securities Premium | General Reserve | Retained Earnings | Other Comprehensive Income | Total |
| Balance at the beginning of the reporting period (i.e. 1st April, 2019) | 4,00,692 | 4,32,812 | 67,34,55,629 | 75,45,602 | 68,18,34,735 |
| Total Comprehensive Income for the year | - | - | 5,30,23,517 | (5,48,476) | 5,24,75,042 |
| Dividends | | | (1,31,65,000) | | (1,31,65,000) |
| Tax on dividends | | | (26,95,490) | | (26,95,490) |
| Balance at the end of the reporting period (i.e. 31st March, 2020) | 4,00,692 | 4,32,812 | 71,06,18,656 | 69,97,126 | 71,84,49,286 |

as per our report of even date

N. PRASANNA VENKATESAN
Chartered Accountant
Membership No. : 235530

SKM MAEILANANDHAN
Executive Chairman & Whole Time Director

FOR AND ON BEHALF OF THE BOARD

SKM SHREE SHIVKUMAR
Managing Director

K.S.VENKATACHALAPATHY
Chief Financial Officer
Membership No. : 029064

P. SEKAR
Company Secretary
Membership No.F10744

Place : Erode
Date : 26.05.2021

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

STANDALONE CASH FLOW STATEMENT FOR THE PERIOD FROM 1st APRIL, 2020 TO 31st MARCH, 2021 (in ₹)

| Particulars | 31-03-2021 | 31-03-2020 |
|--|-----------------------|-----------------------|
| CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Net Profit Before Tax as per Statement of Profit and Loss | 20,04,25,745 | 8,15,18,180 |
| Adjusted for: | | |
| Depreciation | 9,19,03,812 | 6,94,67,855 |
| Financial Cost | 3,75,33,400 | 5,96,79,662 |
| (Profit) / Loss on Sale of Assets | 31,15,988 | (65,534) |
| (Profit) / Loss on Sale of Investments | (11,62,509) | - |
| Unrealised (Gain) / Loss on Sale of Investments | (18,70,998) | - |
| Interest income | (83,75,140) | (1,36,16,246) |
| Operating profit before Working capital changes | 32,15,70,298 | 19,69,83,918 |
| Adjusted for: | | |
| Trade & Other Receivables | 1,80,33,089 | 93,26,425 |
| Inventories | (7,46,32,309) | (27,54,40,594) |
| Trade & Other Payables | 2,12,75,762 | (31,96,103) |
| Cash Generated from Operations | 28,62,46,840 | (7,23,26,354) |
| Taxes Paid (Net) | (5,48,85,422) | (2,92,88,240) |
| Net Cash from / (used in) Operating Activities - A | 23,13,61,418 | (10,16,14,594) |
| CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of Fixed Assets | (3,04,98,603) | (6,86,21,150) |
| Purchase of Current Investments | (22,44,88,854) | - |
| Sale of Current Investments | 7,45,00,000 | - |
| Sale of Fixed Assets | 22,11,677 | 2,27,344 |
| Interest income | 83,75,140 | 1,36,16,246 |
| Net Cash from / (used in) Investing Activities - B | (16,99,00,640) | (5,47,77,560) |
| CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Long Term Borrowings | (1,11,40,018) | (97,50,139) |
| Financial Cost (excluding Interest on lease Liability) | (2,93,57,242) | (5,96,79,662) |
| Lease Liability paid | (2,70,75,676) | - |
| Dividend & Dividend distribution tax | (1,31,65,000) | (1,58,60,490) |
| Net Cash Flow from / (used in) Financing Activities - C | (8,07,37,935) | (8,52,90,291) |
| Net Increase / (Decrease) in Cash and Cash equivalents | (1,92,77,158) | (24,16,82,445) |
| Opening Cash & Cash Equivalents | (39,71,58,266) | (15,54,75,820) |
| Closing Cash & Cash Equivalents | (41,64,35,423) | (39,71,58,265) |

1. Cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and are considered part of the Company's cash management system. Also refer note number 6(b) & 6(c).
2. The above cashflow statement has been prepared following the indirect method as set out in Ind AS-7.

N. PRASANNA VENKATESAN
Chartered Accountant
Membership No. : 235530

SKM MAEILANANDHAN
Executive Chairman & Whole Time Director

FOR AND ON BEHALF OF THE BOARD
SKM SHREE SHIVKUMAR
Managing Director

K.S.VENKATACHALAPATHY
Chief Financial Officer
Membership No. : 029064

P. SEKAR
Company Secretary
Membership No.F10744

Place : Erode
Date : 26.05.2021

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

1. GENERAL INFORMATION & COMPANY BACKGROUND

SKM Egg Products Export India Limited ("the company") is a public listed company incorporated and domiciled in India.

The address of its registered office is No.133, 133/1, Gandhiji Street, Erode - 638001 and the address of the principal place of business is Cholangapalayam, Erode which addresses are also disclosed in the introduction to the annual report. The Company has its primary listing with Bombay Stock Exchange and National Stock Exchange in India.

The Company is an Export Oriented Undertaking engaged in the production and sale of eggs and manufacture and sale of Egg Products. The company's revenue is mainly on account of export of egg products.

SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF PREPARATION AND PRESENTATION:

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities which have been measured at fair value amount :

- i) Certain financial assets and liabilities (including derivative instruments)
- ii) Defined benefit plans - plan assets

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of transactions involving sale of goods to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents, the Company has considered an operating cycle of 12 months.

STATEMENT OF COMPLIANCE:

These financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS'), notified under Section 133 of the Companies Act, 2013 (the Act), read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Effective April 1, 2017, the Company has adopted all the applicable Ind AS Standards and the adoption was carried out in accordance with Ind AS 101, First Time adoption of Indian Accounting Standards, with April 1, 2016 as the transition date. The transition was carried out from Indian Accounting Principles Generally Accepted in India (Indian GAAP), as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP), which was the previous GAAP.

Accounting Policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto adopted.

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Indian rupees, the national currency of India, which is the functional currency of the company.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Inventories

Inventories are valued in line with Ind AS 2 - Inventories. Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any, except in case of by-products which are valued at net realisable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads net of recoverable taxes incurred in bringing them to their respective present location and condition. The formula used for arriving at the cost for various items of inventories are as follows:

| | |
|------------------------|-----------------------|
| i) Raw materials | Weighted Average Cost |
| ii) Packing Materials | Weighted Average Cost |
| iii) Additives | Weighted Average Cost |
| iv) Stores & Spares | Weighted Average Cost |
| v) Semi-finished goods | Weighted Average Cost |
| vi) Finished goods | FIFO |
| vii) Livestock | Weighted Average Cost |

Revenue Recognition

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from sale of goods is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Revenue is recognised and expenditure is accounted for on their accrual

Sales of Finished goods, Eggs, Birds & Feeds are recognised on accrual basis and are accounted for in the books of accounts on the dates on which the goods are actually despatched from the Factory, Farm, Feedmill respectively.

Interest Income :

Interest income from a financial asset is recognised using effective interest rate method.

Dividend Income :

Revenue on account of dividend income recognised when the Company's right to receive the payment has been established.

Government grants / assistance :

Revenue from grants, subsidies or government assistance in any form are recognised when the Company's right to receive the payment has been established.

Grants from the Government are recognized at their fair market value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions. Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are shown by way of reduction from the value of the property & plant and equipment in accordance with amended Ind AS - 20 accounting for Government grants and disclosure of Government assistance.

Finance Cost

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

Leases

The Company, as a lessee, recognises a right of use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right of use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

Lease liability and ROU asset are separately presented in the Balance Sheet and lease payments are classified as financing cash flows. At the date of commencement of the lease, the Company recognizes a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term and a lease liability for all lease arrangements in which it is a lessee except for leases with a term of 12 months or less (short term leases) and leases for which the underlying assets is of low value. For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

Earnings Per Share

Basic earnings per share is calculated by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the conversion of all dilutive potential equity shares. Since the company does not have any potential equity shares, the basic earnings per share and diluted earnings per share are the same for the company.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, if it is

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Tax Expenses:

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or equity. In which case, the tax is also recognised in other comprehensive income or equity.

Current tax:

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the tax rates that are enacted or substantively enacted at the Balance Sheet date.

The current income tax expense includes income taxes payable by the Company and its branch in overseas. The current tax payable by the Company in India is the Indian income tax payable on income earned in India and from overseas branch. Current income tax payable by overseas branch of the Company is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Company's worldwide income.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

Deferred Tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

Cash Flow Statements

Cash Flow Statement has been prepared under "Indirect Method". For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and are considered part of the Company's cash management system. In the balance sheet, bank overdrafts are presented under borrowings within current liabilities.

Property, plant & equipment:

Property, plant & equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net changes on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use are considered as pre-operative expenses and disclosed under Capital Work-in-progress

Depreciation on property, plant & equipment is provided on straight line method as per the useful life prescribed in Schedule II of the Companies Act 2013, except for imported plant & machinery for which the useful life has been taken based upon the technical evaluation by the expert committee on the useful life of the assets. In respect of assets added/adjusted during the year, depreciation is provided on pro-rata basis.

The residual values, useful lives and method of depreciation of property, plant & equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from derecognition of a property, plant & equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Foreign currencies transactions and translation:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the dates of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting rate.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively.

Employee Benefits Expense:

Short Term Employment Benefits:

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

Post-Employment Benefits:

Defined Contribution Plans:

A defined contribution plan is a post-employment benefit plan under which the company pays specified contributions to the specific entity. The company makes specified monthly contributions towards Provident Fund and Pension Scheme. The company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans:

The gratuity liability amount is contributed to the gratuity fund approved by the respective IT authorities. The present value of the obligation is determined based on actuarial valuation using the Projected Unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

Impairment of non-financial assets - property, plant and equipment:

The company assesses at each reporting date as to whether there is any indication that any property, plant and equipment or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists, the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

Events after the reporting period

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size and of nature are only disclosed.

CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the company's financial statement requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Depreciation / amortisation and useful lives of property, plant and equipment and Livestock:

Property, plant and equipment / Livestock are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the company's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for the future periods is revised if there are significant changes from previous estimates.

Recoverability of trade receivable:

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

Provisions:

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

Impairment of non-financial assets:

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

Impairment of financial assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Global Health Pandemic on COVID-19:

The outbreak of corona virus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. Particularly, the Company's export operations and export revenue during the period were impacted due to COVID-19. The Company has taken into account the possible impact of COVID-19 in preparation of financial statements, including its assessment of recoverable value of its assets based on internal and external information upto the date of approval of these financial statements and current indicators of future economic conditions.

Accounting for Government Grants and Disclosure of Government Assistance:

The Government Grants are accounted in line with IND AS 20 - "Accounting for Government Grants and Disclosure of Government Assistance".

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised - Nil.

The grant was received towards the acquisition of PPE (Property, Plant & equipments and accordingly treated as a capital grant and adjusted against the cost of The value of property, plant & equipments is disclosed net of government grants received from MOFPI (Ministry of Food Processing Industries) of Rs.4,88,72,000/- during 2018-19 to 2020-21.

APPROVAL OF FINANCIAL STATEMENTS:

The Financial Statements were approved for issue by the board of directors at their meeting held on 26.05.2021.

DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEE GIVEN COVERED UNDER SECTION 186(4) OF THE COMPANIES ACT 2013

i) Loans given - Nil

ii) Investments made

| Particulars | No of Shares | Face Value |
|---|--------------|--------------|
| SKM Europe BV Netherlands - Subsidiary Company | 15,300 | Euros 15,300 |
| SKM Universal Marketing Company India Private Limited - Associate Company | 7,89,700 | Rs.78,70,000 |

iii) Corporate Guarantees - Nil

Ind AS - 116 - Leases

Ind AS 116 provides detailed guidance on accounting for lease modification:

a) Lease modification is accounted for as a separate lease by lessee and lessor if the modification increases the scope of the lease by adding one or more right-of-use assets.

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b) If it is not accounted for as a separate lease, lessee re-measures the lease liability by discounting the revised lease payments using revised discount rate.

Ind AS 116 is amended to provide that rent concessions occurring as a direct consequence of the covid-19 pandemic need not be treated as lease modification only if all of the following conditions are met:

a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) any reduction in lease payments affects only payments originally due on or before the 30 June, 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before the 30th June, 2021 and increased lease payments that extend beyond the 30th June, 2021); and

c) there is no substantive change to other terms and conditions of the lease.

During the year, the company had not received or availed any lease concessions as a lessee and hence the amendment carried out in this standard had no significant impact on the company's financial statements and the disclosures pursuant to the same are not applicable to the company.

Ind AS - 12 - Income Taxes

During the year the company had received income tax refunds to the extent of Rs.2.58 crores including interest by rectifying the records for the AY 2016-2017 for availing the benefit of MAT credit entitlements of Assessment years 2008-2009 and 2009-2010 (consequent to winning in the appeals for the AY 2008-09 & 2009-10), under the provisions of section 115JAA of the Income Tax Act 1961.

Last year the company had informed that the carried forward losses under the Income Tax Act,1961 of the earlier assessment year A.Y.2013-14 amounting to Rs.3.59 crores have been reduced by the Assessing Officer while completing the assessment by making some adjustments to the returned Loss and that the Company has preferred appeals before the immediate superior authority which appeals are pending for disposal as on the date of the financial reports and since the adjustments have resulted only in the reduction of carry forward losses, there is no immediate demand raised and hence, conservatively the said losses have not been considered while filing return of income for the relevant assessment years and that the tax impact on account of the said issue would be approximately Rs.1.20 crores. The matter is still pending before the Commissioner of Income Tax Appeals - NFAC , New Delhi for disposal.

Ind AS - 103 - Business Combinations :

The amendments carried with respect to this Ind AS are inapplicable to the company.

The other amendments carried out by the MCA in the following accounting standards had no significant impact on the company's financial statements:

Ind AS 1 Presentation of Financial Statements

Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Ind AS 10 Events after the Reporting Period

Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets

Ind AS 107 Financial Instruments: Disclosures

Ind AS 109 Financial Instruments

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

2. CONTINGENT LIABILITIES & COMMITMENTS:

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|--|------------------|------------------|
| (a) Claims against the company / disputed liabilities not acknowledged as debts: | | |
| i) Income Tax Liability | - | - |
| ii) Service Tax Liability | 1,18,91,022 | 1,18,91,022 |
| iii) Excise Duty Liability | 5,58,575 | 5,58,575 |
| (b) Other money for which the Company is contingently liable: | | |
| i) Liability in respect of bills discounted with banks | 7,95,63,549 | 12,88,33,218 |

No provision has been made in respect of the above demand of Excise Duties and Service Tax, for which the company has filed appeals with various Higher Appellate Forums, against the orders of the Lower Authorities since the company is confident of coming out successful in the Appeals as per the advice taken from the legal experts.

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03. PROPERTY, PLANT & EQUIPMENT

(in ₹)

| S. No. | Particulars | Gross Block | | | Depreciation | | | Net Block | | |
|--------|---|-----------------------|--------------------------|---------------------------|-----------------------|---------------------|---------------------------|--|-----------------------|---------------------|
| | | 01.04.2020 | Addition during the year | Deduction during the year | 31.03.2021 | 01.04.2020 | Depreciation for the year | Deduction / Adjustment during the year | 31.03.2021 | 31.03.2020 |
| (a) | Tangible Assets (Own assets) | | | | | | | | | |
| | Land | 3,58,09,230 | 14,01,120 | - | 3,72,10,350 | - | - | - | 3,72,10,350 | 3,58,09,230 |
| | Building | 43,93,60,167 | 4,02,529 | - | 43,97,62,696 | 17,83,20,748 | 1,28,15,083 | 19,11,35,831 | 24,86,26,866 | 26,10,39,420 |
| | Plant & Machinery | 87,17,97,342 | 2,36,22,513 | - | 89,54,19,855 | 58,36,85,369 | 4,39,05,326 | 62,75,90,696 | 26,78,29,160 | 28,81,11,973 |
| | Electrical Installation and equipments | 7,41,64,485 | 11,11,185 | - | 7,52,75,670 | 6,99,84,890 | 4,09,647 | 7,03,94,537 | 48,81,133 | 41,79,594 |
| | Lab Equipment | 4,00,18,466 | 4,99,983 | - | 4,05,18,449 | 2,59,19,798 | 24,60,241 | 2,83,80,039 | 1,21,36,410 | 1,40,98,669 |
| | Office Equipment | 1,68,98,233 | 1,13,493 | - | 1,70,11,726 | 1,43,28,021 | 7,68,335 | 1,50,96,356 | 19,15,370 | 25,70,212 |
| | Computers | 3,18,98,318 | 23,70,611 | - | 3,42,68,929 | 2,12,54,729 | 35,16,536 | 2,47,71,265 | 94,97,664 | 1,06,43,589 |
| | Furniture & Fixtures | 1,17,11,417 | 25,436 | - | 1,17,36,853 | 75,78,387 | 6,04,314 | 81,82,701 | 35,54,152 | 41,33,029 |
| | Motor Vehicles | 5,77,81,809 | 39,22,263 | 1,54,47,574 | 4,62,56,498 | 3,18,01,331 | 42,85,999 | 2,59,67,421 | 2,02,89,077 | 2,59,80,478 |
| | SUB TOTAL (a) | 1,57,94,39,467 | 3,34,69,134 | 1,54,47,574 | 1,59,74,61,026 | 93,28,73,273 | 6,87,65,481 | 99,15,18,845 | 60,59,42,181 | 64,65,66,193 |
| (b) | Tangible Assets (Right to Use Assets) | | | | | | | | | |
| | Plant & Machinery | - | 11,09,95,201 | - | 11,09,95,201 | - | 2,31,38,331 | 2,31,38,331 | 8,78,56,870 | - |
| | SUB TOTAL (b) | - | 11,09,95,201 | - | 11,09,95,201 | - | 2,31,38,331 | 2,31,38,331 | 8,78,56,870 | - |
| (c) | Capital Work-in-progress | | | | | | | | | |
| | Plant & Machinery | 2,55,73,279 | 73,79,712 | 1,97,66,962 | 1,31,86,029 | - | - | - | 1,31,86,029 | 2,55,73,279.44 |
| | Others | 1,09,974 | 1,20,06,117 | 25,89,397 | 95,26,694 | - | - | - | 95,26,694 | 1,09,974.00 |
| | SUB TOTAL (c) | 2,56,83,253 | 1,93,85,829 | 2,23,56,359 | 2,27,12,723 | - | - | - | 2,27,12,723 | 2,56,83,253 |
| | Total (a+b+c) (Current Year) | 1,60,51,22,720 | 16,38,50,164 | 3,78,03,933 | 1,73,11,68,950 | 93,28,73,273 | 9,19,03,812 | 1,01,19,909 | 1,01,46,57,176 | 67,22,49,447 |
| | (Previous Year) | 1,53,72,60,586 | 15,01,70,625 | 8,23,08,491 | 1,60,51,22,720 | 86,40,02,624 | 6,94,67,855 | 5,97,206 | 67,22,49,447 | 67,32,57,962 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|--------------------|--------------------|
| 04 (a) INVESTMENTS | | |
| Investment measured at cost: | | |
| <u>In equity shares of subsidiary company:</u> | | |
| SKM Europe BV , The Netharlands of Euro 1 each | | |
| Number of Units | 15,300 | 15,300 |
| Value (Rs) | 8,32,779 | 8,32,779 |
| <u>In equity shares of associate company:</u> | | |
| SKM Universal Marketing Company India Private Limited of Rs.10 each | | |
| Number of Units | 7,89,700 | 7,89,700 |
| Value (Rs) | 1,18,45,572 | 1,18,45,572 |
| Aggregate amount of quoted investments | - | - |
| Aggregate amount of unquoted investments | 1,26,78,351 | 1,26,78,351 |
| Investment measured at cost | 1,26,78,351 | 1,26,78,351 |
| Investment measured at amortised cost | - | - |
| Total | 1,26,78,351 | 1,26,78,351 |

The details of subsidiary & associate along with proportion of ownership interest held and country of incorporation are disclosed below:

| Name of the subsidiary | Country of Incorporation | Proportion of ownership interest |
|---|--------------------------|----------------------------------|
| SKM Europe BV | Netherlands | 85% |
| SKM Universal Marketing Company India Private Limited | India | 26% |

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|---------------------|---------------------|
| 04 (b) LOANS (UNSECURED AND CONSIDERED GOOD) | | |
| Deposits | 1,46,81,387 | 1,28,83,683 |
| Advances | 1,12,62,013 | 84,69,578 |
| Total | 2,59,43,400 | 2,13,53,261 |
| 05. INVENTORIES | | |
| Raw Material,additives & packing materials | 11,99,46,520 | 7,22,85,366 |
| Finished Goods | 46,97,88,013 | 45,15,66,807 |
| Stock in Trade | 57,91,184 | - |
| Stores and spares & consumables | 3,54,41,752 | 3,27,87,124 |
| Livestock - Birds | 14,77,62,157 | 14,74,58,021 |
| Total | 77,87,29,626 | 70,40,97,318 |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|-----------------------|-----------------------|
| 06 (a) INVESTMENTS | | |
| Investment measured at Fair value: | | |
| In mutual funds | | |
| SBI Short Term Debt Fund (Growth) | | |
| Number of Units | 61,15,464 | - |
| Value (Rs) | 15,30,22,361 | - |
| Aggregate amount of quoted investments | 15,30,22,361 | - |
| Aggregate amount of unquoted investments | - | - |
| Investment measured at Fair value through P & L | 15,30,22,361 | - |
| Total | 15,30,22,361 | - |
| 06 (b) TRADE RECEIVABLES | | |
| (a) Trade Receivables considered good - Secured | - | - |
| (b) Trade Receivables considered good - Unsecured | 12,06,52,703 | 15,02,28,818 |
| (c) Trade Receivables which have significant increase in Credit Risk and | - | - |
| (d) Trade Receivables - credit impaired | - | - |
| Total | 12,06,52,703 | 15,02,28,818 |
| Trade receivables are netted with Bill discounting of Rs.7,95,63,549/- (Previous year Rs.12,88,33,218/-) | | |
| 06 (c) CASH AND CASH EQUIVALENTS | | |
| Balances with banks | | |
| Current Accounts | 8,36,14,393 | 9,38,15,666 |
| Demand deposits | 1,98,93,518 | 11,88,52,912 |
| Cash on hand | 9,12,116 | 20,59,493 |
| Sub Total | 10,44,20,027 | 21,47,28,071 |
| 06 (d) BANK BALANCES OTHER THAN ABOVE | | |
| Balances with banks - Unclaimed dividend | | |
| Current Accounts | 51,09,638 | 41,64,204 |
| Sub Total | 51,09,638 | 41,64,204 |
| Total | 10,95,29,665 | 21,88,92,275 |
| The Company's cash and cash equivalents consist of cash on hand and in banks and demand deposits with banks, which can be withdrawn at any time, without prior notice and without penalty on the principal. | | |
| For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks, demand deposits with banks and net of outstanding bank overdrafts that are repayable on demand and are considered part of the Company's cash management system. In the balance sheet, bank overdrafts are presented under borrowings within current liabilities. | | |
| Cash and Cash equivalents consists of the following for the purpose of cash flow statement: | | |
| Cash and Cash equivalents | 10,95,29,665 | 21,88,92,275 |
| Bank Overdrafts | (52,59,65,088) | (61,60,50,541) |
| Total | (41,64,35,423) | (39,71,58,266) |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|---------------------|---------------------|
| 06 (e) LOANS (UNSECURED AND CONSIDERED GOOD) - CURRENT | | |
| (a) Loan Receivables considered good - Secured | - | - |
| (b) Loan Receivables considered good - Unsecured | | |
| (i) Staff Advances | 6,77,522 | 4,55,074 |
| (ii) Trade Advances | 7,08,80,513 | 1,44,23,493 |
| (iii) Prepaid Expenses | 59,19,756 | 1,23,78,103 |
| (c) Loan Receivables which have significant increase in Credit Risk and | - | - |
| (d) Loan Receivables - credit impaired | - | - |
| Total | 7,74,77,791 | 2,72,56,670 |
| 06 (f) OTHER FINANCIAL ASSETS - CURRENT | | |
| Subsidies receivable & Income accrued on deposits | - | 2,50,00,000 |
| Total | - | 2,50,00,000 |
| 07. OTHER CURRENT ASSETS | | |
| Tax refund receivables | 3,67,66,385 | 5,04,08,113 |
| Others | - | 46,26,506 |
| Total | 3,67,66,385 | 5,50,34,620 |
| 08 (a) EQUITY SHARE CAPITAL | | |
| <u>Authorised Capital:</u> | | |
| 3,00,00,000 Equity Shares of Rs. 10/- Each | 30,00,00,000 | 30,00,00,000 |
| <u>Issued, Subscribed & Paid-up:</u> | | |
| 2,63,30,000 Equity Shares of Rs.10/- each fully paid-up | 26,33,00,000 | 26,33,00,000 |
| Total | 26,33,00,000 | 26,33,00,000 |
| Reconciliation of the number of shares outstanding is set out below: | | |
| Equity Shares: | | |
| At the beginning of the year | 2,63,30,000 | 2,63,30,000 |
| Changes during the year | - | - |
| At the end of the year | 2,63,30,000 | 2,63,30,000 |

Terms, Rights, preferences and restrictions:

- (i) The company has one class of equity shares having par value of Rs.10 each. Each share holder is eligible for one vote per share held and carry a right to dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- (ii) There are no restrictions attached to equity shares

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|---------------------|---------------------|
| Details of shareholders holding more than 5% shares: | | |
| Name of the Share Holders | | |
| SKM Shree Shivkumar | | |
| Face value of the Equity Shares | 12,49,94,720 | 12,37,14,720 |
| No of Equity Shares Held as on Balance sheet dt. | 1,24,99,472 | 1,23,71,472 |
| % of Holdings | 47.47% | 46.99% |
| Tamilnadu Industrial Development Corporation Limited | | |
| Face value of the Equity Shares | 1,99,58,000 | 1,99,58,000 |
| No of Equity Shares Held as on Balance sheet dt. | 19,95,800 | 19,95,800 |
| % of Holdings | 7.58% | 7.58% |
| Total No of Equity Shares | 2,63,30,000 | 2,63,30,000 |
| Face value of Equity shares | 10 | 10 |
| 08 (b) OTHER EQUITY | | |
| <u>Securities Premium Account :</u> | | |
| Opening Balance | 4,00,692 | 4,00,692 |
| Add : Collected during the year | - | - |
| less: Written back | - | - |
| Closing Balance | 4,00,692 | 4,00,692 |
| <u>General Reserve:</u> | | |
| Opening Balance (Revenue Reserve) | 4,32,812 | 4,32,812 |
| Add : Current year transfer | - | - |
| less: Written back | - | - |
| Closing Balance | 4,32,812 | 4,32,812 |
| <u>Retained Earnings:</u> | | |
| Opening Balance | 71,06,18,656 | 67,34,55,629 |
| Add: Current Year Balance before appropriation | 15,69,55,220 | 5,30,23,517 |
| Less: Dividend Paid | 1,31,65,000 | 1,31,65,000 |
| Less: Dividend Distribution Tax | - | 26,95,490 |
| Closing Balance | 85,44,08,876 | 71,06,18,656 |
| <u>Other Comprehensive Income:</u> | | |
| Opening balance | 69,97,126 | 75,45,602 |
| Movement in OCI during the year | 1,70,831 | (5,48,476) |
| Closing balance | 71,67,957 | 69,97,126 |
| Total | 86,24,10,337 | 71,84,49,286 |

Securities Premium:

This consists of premium realised on issue of shares and will be applied/ utilised in accordance with the provisions of the Companies Act, 2013.

General Reserve:

General Reserve is an accumulation of retained earnings of the Company, apart from the balance in the statement of profit and loss which can be utilised for meeting future obligations.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|--|--------------------|--------------------|
| 09. (a) BORROWINGS - NON CURRENT | | |
| Secured - At amortised cost | | |
| Term Loan | | |
| From Banks | 2,57,68,727 | 3,57,24,095 |
| Nature of loan - Rupee Term Loan | | |
| Maturity date - June 2023 | | |
| Terms of repayment - 20 equal quarterly instalments | | |
| Securities offered - Refer note * | | |
| Interest rate - 8.15% p.a. | | |
| Less: Current maturities of long term debt - included in note 12(c) | (1,10,36,899) | (98,52,250) |
| Total | 1,47,31,828 | 2,58,71,845 |
| Note : * Term loan is secured against the first charge against Plant & Machineries to the tune of Rs.12.73 crores and personal guarantee of the Managing Director. | | |
| 09 (b) OTHER FINANCIAL LIABILITIES - NON CURRENT | | |
| Lease Liabilities recognized on Lease Farms | 7,13,83,126 | - |
| Total | 7,13,83,126 | - |
| 10. PROVISIONS - NON CURRENT | | |
| Provision for Employee Benefits | | |
| Earned Leave Encashment | 44,69,030 | 43,16,152 |
| Net Gratuity obligation | (1,40,160) | 15,53,108 |
| Total | 43,28,870 | 58,69,260 |
| 11. Deferred Tax Liability(Net) | | |
| At the start of the year | 6,56,55,731 | 6,57,76,658 |
| Charge / (credit) to Statement of Profit & Loss | (1,14,14,897) | (7,93,578) |
| Charge / (credit) to Other Comprehensive Income | 57,455 | (2,11,396) |
| Deferred Tax effect relating to previous year | - | 8,84,047 |
| At the end of the year | 5,42,98,289 | 6,56,55,731 |
| Deferred Tax (Assets) / Liabilities in relation to: | | |
| Property, plant and equipment | 5,53,87,779 | 6,64,04,512 |
| Provisions | (11,46,945) | (14,21,432) |
| Actuarial Losses / Gains | 57,455 | (2,11,396) |
| Deferred Tax effect relating to previous year | - | 8,84,047 |
| Total | 5,42,98,289 | 6,56,55,731 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|--|---------------------|---------------------|
| 12 (a) BORROWINGS - CURRENT | | |
| Secured - At amortised cost | | |
| Working Capital Loans | | |
| From Banks | | |
| Foreign Currency Loans | 52,59,65,088 | 61,60,50,541 |
| Nature of loan - Packing Credit (Foreign Currency) | | |
| Terms of repayment - On demand | | |
| Interest rate - 2.57% p.a. (LIBOR 0.57% + Spread 2%) | | |
| Total | 52,59,65,088 | 61,60,50,541 |

Working Capital from banks are primarily secured by Hypothecation of stocks of Raw materials, Work-in-progress, finished goods and stores and spares, book debts, receivables, material in transit, etc. Borrowings are secured by second charge on the entire fixed assets of the company and personal guarantees of Executive Chairman and Managing director.

| | | |
|---|---------------------|---------------------|
| 12 (b) TRADE PAYABLES | | |
| Trade Creditors * | | |
| Due to MSME (A) | 4,11,600 | 7,69,163 |
| Due to others (B) | 14,20,89,326 | 14,91,07,528 |
| Creditors For Expenses & Others | | |
| Due to MSME (A) | - | - |
| Due to others (B) | 16,07,575 | 12,74,353 |
| Total | 14,41,08,502 | 15,11,51,044 |
| Details relating to micro, small and medium enterprises: | | |
| (a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year; | 4,11,600 | 7,69,163 |
| (b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year; | Nil | Nil |
| (c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | Nil | Nil |
| (d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and | Nil | Nil |
| (e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | Nil | Nil |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|--------------------|--------------------|
| 12 (c) OTHER FINANCIAL LIABILITIES - CURRENT | | |
| Current Maturities of Long Term Debt | | |
| (l) From Banks | | |
| Machinery Term Loan - HDFC | 1,10,36,899 | 98,52,250 |
| Lease liabilities - current | 2,07,12,558 | - |
| Unclaimed Dividends | 51,09,637 | 41,64,204 |
| Total | 3,68,59,094 | 1,40,16,454 |

The amount outstanding in respect of unclaimed dividend represents amounts due and outstanding to Investor Education and Protection Fund to the extent of Rs.Nil (Previous year Nil).

| | | |
|--------------------------------------|--------------------|--------------------|
| 13. OTHER CURRENT LIABILITIES | | |
| Advances from customers | 38,94,912 | 17,79,948 |
| Statutory Dues | 2,90,16,999 | 1,60,34,649 |
| Other payables | 21,750 | 18,000 |
| Total | 3,29,33,661 | 1,78,32,597 |
| 14. PROVISIONS | | |
| Provisions for Employee Benefits | | |
| Bonus Payable | 65,89,294 | 74,94,000 |
| Other Provisions | 1,44,03,968 | 11,00,000 |
| Total | 2,09,93,262 | 85,94,000 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

15. FINANCIAL INSTRUMENTS:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss ('FVTPL')) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

Trade receivables are initially recognised when they are originated. Trade payables are in respect of the amount due on account of goods purchased or services availed in the normal course of business. They are recognised at their transaction and services availed value if the transaction do not contain significant financing component.

a) Financial Assets

(i) Recognition and initial measurement

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through Statement of Profit or Loss ('FVTPL')) are added to the fair value of the financial assets, on initial recognition. Transaction cost directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in Statement of Profit and Loss.

(ii) Subsequent measurement

Debt instruments at amortised cost:

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

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Debt instrument at FVTOCI:

A 'debt instrument' is classified as FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

Debt instrument at FVTPL:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as amortized cost or as FVTOCI, is classified as FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as FVTPL. However, such election is chosen only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

(iii) De-recognition of financial assets

A financial asset is de-recognised only when;

- a. The entity has transferred the rights to receive cash flows from the financial asset or
- b. The entity retains the contractual rights to receive the cash flows of the financial asset, but expects a contractual obligation to pay the cash flows to one or more recipients.

Where entity has transferred an asset, it examines and assesses whether it has transferred substantially all risk and rewards of ownership of financial asset. In such cases, financial asset is de-recognised. Where entity has not transferred substantially all risks and rewards of ownership of financial asset, such financial asset is not de-recognised.

Where the entity has neither transferred a financial asset nor retains substantially all risk and rewards of ownership of the financial asset, the financial asset is de-recognised, if the Group has not retained control of the financial asset. Where the entity retains control of the financial asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(iv) Investments in Equity Instruments in Subsidiary and Associates:

The Company has elected to carry investment in Equity Instruments in Subsidiary and Associates at cost in accordance with Paragraphs 10 of 'Ind AS 27 – Separate Financial Statements'.

b) Financial liabilities and equity instruments

(i) Initial recognition and measurement

All financial liabilities are recognized initially at fair value plus transaction cost (if any) that is attributable to the acquisition of the financial liabilities which is also adjusted.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are de-recognised through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Trade and other payables:

These amounts represent liabilities for goods or services provided to the Company which are unpaid at the end of the reporting period. Trade and other payables are presented as current liabilities when the payment is due within a period of 12 months from the end of the reporting period. For all trade and other payables classified as current, the carrying amounts approximate fair value due to the short maturity of these instruments. Other payables falling due after 12 months from the end of the reporting period are presented as non-current liabilities and are measured at amortised cost unless designated at fair value through profit and loss at the inception.

Other financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading or designated as at FVTPL are recognized in the profit or loss.

(iii) Derecognition of financial liabilities:

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or Modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

c) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

d) Impairment of Financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and/or all

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses, if the credit risk on the financial asset has increased significantly since initial recognition.

e) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability which are accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Valuation:

The financial instruments are initially recognized and subsequently re-measured at fair value as described below :

- (a) The fair value of Forward Foreign Exchange contracts is determined using forward exchange rates and yield curves at the balance sheet date.
- (b) The fair value of the remaining financial instruments is determined using discounted cash flow analysis.
- (c) All foreign currency denominated assets and liabilities using exchange rate at the reporting date.

Fair Value measurement hierarchy:

The fair value of cash and cash equivalents, other bank balances, loans, trade receivables, trade payables and others approximates their carrying amount. The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques. The fair valuation of various financial assets are done by adopting Level 3 category valuation.

Level 1 :

Quoted prices (unadjusted) in active markets for identical assets and liabilities.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|--|------------------|------------------|
| FINANCIAL ASSETS | | |
| <u>At fair value through P & L</u> | | |
| (i) Investments - Current | 15,30,22,361 | - |

Level 2 :

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (derived from prices)

Level 3 :

Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|------------------|------------------|
| Financial Assets | | |
| At amortised cost | | |
| (i) Trade receivables | 12,06,52,703 | 15,02,28,818 |
| (ii) Cash and cash equivalents | 10,44,20,027 | 21,47,28,071 |
| (iii) Bank balances other than (ii) above | 51,09,638 | 41,64,204 |
| (iv) Loans | 10,34,21,191 | 4,86,09,931 |
| (v) Other Financial Assets | - | 2,50,00,000 |
| Financial Liabilities | | |
| At amortised cost | | |
| (i) Borrowings | 54,06,96,916 | 64,19,22,386 |
| (ii) Lease Liabilities | 7,13,83,126 | - |
| (iii) Trade Payables | 14,36,96,902 | 15,03,81,882 |
| (iv) Other Financial Liabilities | 3,68,59,094 | 1,40,16,454 |

f) Derivative financial instruments

Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness. These arrangements have been entered into to mitigate currency exchange risk arising on account of repayment of foreign currency term loan and interest thereon.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

16. CAPITAL MANAGEMENT - ADDITIONAL CAPITAL DISCLOSURES

The Company adheres to the Capital Management framework which is underpinned by the following guiding principles:

- (a) The key objective is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business.
- (b) Leverage optimally in order to maximize shareholder returns while maintaining strength and flexibility of the Balance Sheet.
- (c) The Company also focusses on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.
- (d) Proactively manage exposure in forex, interest and commodities to mitigate risk to earnings.
- (e) The Company's goal is to continue to be able to return excess liquidity to shareholders to distribute annual dividends in future years.

This framework is adjusted based on underlying macro-economic factors affecting business environment, financial market conditions and interest rates environment.

The capital structure of the company is as follows:

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|--|------------------|------------------|
| Total Equity (A) | 1,12,57,10,337 | 98,17,49,286 |
| % Change 2020 - 21 | 14.66% | |
| Current Loans and borrowings | 53,70,01,987 | 62,59,02,791 |
| Non-current loans and borrowings | 1,47,31,828 | 2,58,71,845 |
| Total loans and borrowings (B) | 55,17,33,815 | 65,17,74,636 |
| % Change 2020 - 21 | -15.35% | |
| Loans & borrowings as a percentage of total equity | 49.01% | 66.39% |
| Total Capital (A) + (B) | 1,67,74,44,152 | 1,63,35,23,922 |
| % Change 2020 - 21 | 2.69% | |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|-----------------------|-----------------------|
| 17. REVENUE FROM OPERATIONS | | |
| Sale of Products : | | |
| Sale of Egg Powder & Egg Liquid - Export | 1,59,27,16,840 | 2,00,86,36,750 |
| Sale of Egg Powder & Egg Liquid - Domestic | 17,07,31,302 | 9,87,32,970 |
| Sale of Eggs & Poultry Feed | 65,77,38,826 | 44,79,75,570 |
| Sale of Poultry Feed Ingredients | - | 10,43,68,833 |
| Sale of Culling Birds, Litter & Egg Shell (Waste) | 2,94,87,202 | 5,98,57,751 |
| Sale of Declared Goods | 41,06,160 | 43,32,748 |
| Lab Analysis Charges Received | 4,80,095 | - |
| Total | 2,45,52,60,424 | 2,72,39,04,621 |
| 18. OTHER INCOME | | |
| Interest Income | 83,75,140 | 1,36,16,246 |
| Subsidies | 8,17,28,610 | 14,24,46,494 |
| Exchange Fluctuation gain / (loss) - Net | 3,91,24,463 | 5,05,40,168 |
| Profit/(Loss) on sale of Assets | (31,15,988) | 65,534 |
| Profit/(Loss) on sale of Investments | 11,62,509 | - |
| Unrealized gain or loss on investments | 18,70,998 | - |
| Miscellaneous Income | 3,70,142 | 1,11,819 |
| Total | 12,95,15,874 | 20,67,80,261 |
| 19. COST OF MATERIALS CONSUMED | | |
| <u>Raw materials, additives, vaccines & medicines consumed:</u> | | |
| Opening Stock | 6,34,81,633 | 6,04,85,391 |
| Add: Purchased during the year | 1,66,54,96,086 | 2,11,54,79,933 |
| Less: Closing Stock | (11,05,33,594) | (6,34,81,633) |
| Raw materials consumed: (a) | 1,61,84,44,124 | 2,11,24,83,692 |
| <u>Packing materials consumed:</u> | | |
| Opening Stock | 88,03,734 | 74,22,025 |
| Add: Purchased during the year | 2,80,28,726 | 4,55,47,371 |
| Less: Closing Stock | (94,12,926) | (88,03,734) |
| Packing materials consumed (b) | 2,74,19,534 | 4,41,65,662 |
| Total (a + b) | 1,64,58,63,659 | 2,15,66,49,354 |
| 20. PURCHASES OF STOCK-IN-TRADE | | |
| Purchase of Egg Powder & Feed Ingredients | 2,31,64,624 | 10,77,56,986 |
| Total | 2,31,64,624 | 10,77,56,986 |

The above amount of purchases is inclusive of duties & taxes for which credit is not admissible

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|--|----------------------|-----------------------|
| 21. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE | | |
| Opening Stock - Finished goods | 45,15,66,807 | 28,42,72,453 |
| Closing Stock - Finished goods | (46,97,88,013) | (45,15,66,807) |
| (Increase)/Decrease in Stock | (1,82,21,206) | (16,72,94,354) |
| 22. EMPLOYEE BENEFIT EXPENSES | | |
| Salaries & Wages | 14,07,52,093 | 14,02,86,083 |
| Contribution to Provident & Other funds | 56,06,264 | 67,35,636 |
| Provision for Gratuity | 11,67,859 | 9,17,084 |
| Provision for Earned Leave | 21,84,861 | 21,57,896 |
| Staff Welfare Expenses | 55,88,107 | 1,23,04,403 |
| Total | 15,52,99,184 | 16,24,01,102 |

Defined Contribution Plan:

| Particulars | 2020-21 | 2019-20 |
|---|-----------|-----------|
| Employer's contribution to Provident Fund | 29,40,653 | 35,46,419 |
| Employer's contribution to Pension Scheme | 31,85,935 | 36,90,511 |

The above Employer's contribution to defined contribution plans are net of government contribution of Rs.1,56,864./- under PMRPY & PMPRPY Scheme for the year 2020-21 (Rs.5,03,439/- for the year 2019-20).

Defined Benefit Plan:

a. Reconciliation of Opening and Closing Balances of Defined Benefit Obligations:

| Particulars | Gratuity (Funded) | |
|--|-------------------|-------------|
| | 31-3-2021 | 31-3-2020 |
| Present Value of obligation at the beginning of the year | 1,13,56,401 | 99,02,130 |
| Current Service Cost | 11,37,467 | 9,05,129 |
| Interest Cost | 8,23,339 | 7,42,660 |
| Actuarial (gain) / loss | (2,28,286) | 7,59,872 |
| Benefits paid | (12,66,192) | (9,53,390) |
| Present Value of obligation at year end | 1,18,22,729 | 1,13,56,401 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

b. Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets:

(in ₹)

| Particulars | Gratuity (Funded) | |
|---|-------------------|------------|
| | 31-3-2021 | 31-3-2020 |
| Fair Value of plan assets as at beginning of the year | 98,03,293 | 81,61,156 |
| Expected return on plan assets | 7,92,947 | 7,30,705 |
| Contribution made | 26,32,842 | 18,64,821 |
| Benefits Paid | (12,66,192) | (9,53,390) |
| Actuarial gain / (loss) on the plan assets | - | - |
| Fair Value of plan assets as at year end | 1,19,62,889 | 98,03,293 |

c. Reconciliation of Fair Value of Assets and Obligations

| Particulars | Gratuity (Funded) | |
|---|-------------------|-------------|
| | 31-3-2021 | 31-3-2020 |
| Present value of the obligation | 1,18,22,729 | 1,13,56,401 |
| Fair Value of plan assets | 1,19,62,889 | 98,03,293 |
| Funded Status (Surplus / (Deficit)) | 1,40,160 | (15,53,108) |
| Net asset / (liability) recognized in the balance sheet | 1,40,160 | (15,53,108) |

d. Expenses recognized during the year

| Particulars | Gratuity (Funded) | |
|--------------------------------|-------------------|------------|
| | 31-3-2021 | 31-3-2020 |
| Current Service Cost | 11,37,467 | 9,05,129 |
| Interest Cost | 8,23,339 | 7,42,660 |
| Expected return on plan assets | (7,92,947) | (7,30,705) |
| Actuarial (gain) / loss | (2,28,286) | 7,59,872 |
| Net Cost | 9,39,573 | 16,76,956 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

e. Actual return on the plan assets:

(in ₹)

| Particulars | Gratuity (Funded) | |
|--------------------------------------|-------------------|-----------|
| | 31-3-2021 | 31-3-2020 |
| Expected return on plan assets | 7,92,947 | 7,30,705 |
| Actuarial gain / loss on plan assets | - | - |
| Actual return on plan assets | 7,92,947 | 7,30,705 |

f. Actuarial Assumptions:

| Particulars | Gratuity (Funded) | |
|--|-------------------|-----------|
| | 31-3-2021 | 31-3-2020 |
| Discount rate (Per annum) | 7.00% | 7.25% |
| Expected rate of return on Plan Assets (Per annum) | 7.00% | 7.25% |
| Rate of escalation in salary (Per annum) | 6.50% | 6.50% |

The data required for disclosing information with regard to sensitivity analysis is not made available by the Actuary despite the concerted attempts made by the company to gather the information in this regard and hence the information relating to sensitivity analysis in terms of the amount of responsiveness and the financial impact consequent to change in discount rate, change in rate of salary escalation and change in rate of employee turnover (while holding all the other factors constant), have not been provided for during the year.

These plans typically expose the company to actuarial risks such as:

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk:

A decrease in the bond interest rate will increase the plan liability, however, this will be partially offset by an increase in the return on the plan debt investments.

Longevity risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

DISCLOSURE ON ACCOUNTING FOR REVENUE FROM CUSTOMERS IN ACCORDANCE WITH Ind AS 115: (in ₹)

| Particulars | 2020 - 21 | 2019 - 20 |
|--|----------------|----------------|
| A. Disaggregated revenue information | | |
| a. On the basis of type of goods and service: | | |
| Sale of manufactured products | 2,42,11,86,968 | 2,55,53,45,290 |
| Sale of products | - | 10,43,68,833 |
| Sale of by-products & declared goods scrap | 3,35,93,361 | 6,41,90,498 |
| Service Income received | 4,80,095 | - |
| Total Operating Revenue | 2,45,52,60,424 | 2,72,39,04,621 |
| b. On the basis of geographical region: | | |
| In India | 86,25,43,584 | 71,52,67,871 |
| Outside India | 1,59,27,16,840 | 2,00,86,36,750 |
| Total Operating Revenue | 2,45,52,60,424 | 2,72,39,04,621 |
| c. On the basis of timing of revenue recognition: | | |
| At a point of time | 2,45,52,60,424 | 2,72,39,04,621 |
| Over a period of time | - | - |
| Total Operating Revenue | 2,45,52,60,424 | 2,72,39,04,621 |
| B. Contract Liabilities: | | |
| a. Contract Balances: | | |
| Contract Liabilities | 38,94,912 | 17,79,948 |
| b. Revenue recognised during the year in relation to contract liabilities: | | |
| Revenue recognised | 17,79,948 | 1,50,153 |
| c. Reconciliation of revenue recognised in the statement of profit and loss with the contracted price: | | |
| Revenue at contracted prices | 2,45,52,60,424 | 2,72,39,04,621 |
| Revenue from contract with customers | 2,45,52,60,424 | 2,72,39,04,621 |
| Difference | - | - |
| d. Unsatisfied or partially satisfied performance obligation: | | |
| Unsatisfied or partially satisfied performance obligation | Nil | Nil |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | 2020 - 21 | 2019 - 20 |
|--|---------------------|---------------------|
| 23. FINANCIAL COSTS | | |
| Interest Expenses | 2,11,87,610 | 2,42,58,980 |
| Other borrowing costs - bank charges & bill discount | 81,69,632 | 83,46,186 |
| Exchange Fluctuation - Net | - | 2,70,74,495 |
| Interest recognized on Lease farm Assets | 81,76,159 | - |
| Total | 3,75,33,400 | 5,96,79,662 |
| 24. DEPRECIATION & AMORTISATION | | |
| Depreciation on Property, plant & equipment - Own assets | 6,87,65,481 | 6,94,67,855 |
| Depreciation recognized on Lease Farm Assets - Leased assets | 2,31,38,331 | - |
| Amortisation of livestock - Birds | 11,48,69,114 | 7,20,38,422 |
| Total | 20,67,72,926 | 14,15,06,278 |
| 25. OTHER EXPENSES | | |
| Power & Fuel | 9,60,96,323 | 11,88,78,401 |
| Stores & Spares Consumption | 2,80,27,410 | 3,97,90,494 |
| Repairs and Maintenance: | | |
| a) Building | 9,53,967 | 59,41,999 |
| b) Plant & Machinery | 37,35,761 | 67,87,789 |
| c) Vehicle - Fuel & Maintenance | 2,04,17,363 | 1,90,89,740 |
| d) Computer & Software Maintenance | 26,47,469 | 34,21,477 |
| e) Other Maintenance | 72,32,021 | 84,69,719 |
| Import Clearing & Procurement expenses | 5,61,41,066 | 5,76,05,761 |
| Analysing Charges | 7,09,593 | 5,29,169 |
| Rates and Taxes,Registration and Renewal | 26,60,880 | 36,78,148 |
| Rent Expenses | 25,47,996 | 1,27,61,927 |
| Postage, Courier,Telephone & Internet Charges | 13,01,929 | 14,54,591 |
| Printing & Stationery | 5,76,450 | 6,09,974 |
| Insurance Premium | 20,90,115 | 9,21,591 |
| Advertisement and Publicity | 3,44,452 | 56,58,189 |
| Travelling Expenses | 26,76,965 | 59,17,614 |
| Foregin Travelling expenses | 3,89,599 | 22,58,811 |
| Professional Charges | 32,93,937 | 61,07,050 |
| Subscription | 6,02,302 | 8,86,123 |
| Miscellaneous Expenses | 4,10,826 | 5,70,701 |
| Audit Fees | 7,00,030 | 7,05,000 |
| Corporate Social Responsibility (CSR) Expenses | 30,50,000 | 20,34,067 |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|---------------------|---------------------|
| Donation | 30,65,075 | 1,23,670 |
| Stock Exchange Listing Fee & Secretarial Expenses | 16,26,744 | 26,24,364 |
| Sales Commission | 1,32,69,986 | 81,34,977 |
| Selling Expenses | 1,99,06,547 | 1,81,37,814 |
| Freight and Forwarding Charges | 5,94,63,161 | 5,53,68,515 |
| Total | 33,39,37,966 | 38,84,67,675 |

| 25(i) Payment to Auditors as: Particulars | Excluding Taxes | |
|---|------------------|------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| (a) Auditor | | |
| Statutory Audit Fees | 3,00,000 | 3,00,000 |
| Tax Audit Fees | 4,00,000 | 4,00,000 |
| (b) Certification Services - Included in Professional charges | 84,000 | 5,000 |
| (c) For Appeal Representation and Others - Included in Prof charges | - | 67,000 |
| (d) Reimbursement of expenses | - | - |
| Total | 7,84,000 | 7,72,000 |

| 25(ii) Corporate Social Responsibility (CSR): | | |
|---|----------------------|--------------------|
| (a) Gross amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the Company during the year is Rs. 13.09 lakhs (Previous year Rs. 7.95 lakhs) | | |
| (b) Details of amount spent towards CSR is given below: | | |
| Particulars | As at 31.03.2021 | As at 31.03.2020 |
| (i) Construction / acquisition of any asset | - | - |
| (ii) On purposes other than (i) above | 30,50,000 | 20,34,067 |
| Total | 30,50,000 | 20,34,067 |
| (c) Out of the above expenditure, Rs. 24,00,000/- is spent through implementing agency - SKM Health and Mind Welfare Charitable Trust | | |
| 26 (i) CURRENT TAX | | |
| Income Tax - Normal Provisions | 5,73,59,627 | 2,44,57,454 |
| Income Tax - Relating to preceding years | (24,74,205) | 48,30,786 |
| Total | 5,48,85,422 | 2,92,88,240 |
| 26 (ii) DEFERRED TAX | | |
| On account of variation of allowances for tax purpose in : | | |
| Depreciation (DTA)/DTL | (1,19,00,780) | (6,88,401) |
| Provision for gratuity & earned leave - DTL / (DTA) | 2,74,487 | (1,05,177) |
| Actuarial Gains / Losses - DTL / (DTA) | 2,11,396 | - |
| Total | (1,14,14,897) | (7,93,578) |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|------------------|------------------|
| 27. EARNINGS PER SHARE | | |
| (i) Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs) | 15,69,55,220 | 5,30,23,517 |
| (ii) Weighted Average number of Equity Shares used as denominator for calculating Basic EPS (Nos) | 2,63,30,000 | 2,63,30,000 |
| (iii) Weighted Average number Potential Equity Shares (Nos) | - | - |
| (iv) Total Weighted Average number of Equity Shares used as denominator for calculating Diluted EPS (Nos) | 2,63,30,000 | 2,63,30,000 |
| (v) Basic Earnings per Share (Rs) (i) / (ii) | 5.96 | 2.01 |
| (vi) Diluted Earnings per Share (Rs) (i) / (iv) | 5.96 | 2.01 |
| (vii) Face Value per Equity Share (Rs) | 10 | 10 |

Since the company does not have any Potential Equity Shares, the denominator used for calculating Basic EPS and Diluted EPS are the same and consequently Basic EPS and Diluted EPS are the same.

28. INCOME TAXES:

The reconciliation between the provision of income tax and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|------------------|------------------|
| Profit / (Loss) before tax | 20,04,25,745 | 8,15,18,180 |
| Applicable Tax Rate | 25.17% | 27.82% |
| Computed Tax expense | 5,04,43,152 | 2,26,78,358 |
| Income Tax effect of : | | |
| Expenses related to exempt Income | 49,480 | 47,937 |
| Expenses disallowed for tax purposes | 69,32,191 | 18,50,792 |
| Allowances for tax purposes | (11,06,385) | (3,01,170) |
| Income exempt from tax | (1,30,819) | (1,12,933) |
| Income taxed at higher / (lower) rates | - | - |
| Others | 11,72,009 | 2,94,470 |
| Current tax provision (A) | 5,73,59,628 | 2,44,57,454 |
| Income Tax / (Reversal) - Relating to preceding years (B) | (24,74,205) | 48,30,786 |
| Incremental / (Decremental) Deferred Tax Liability on account of Tangible Assets | (1,19,00,780) | (8,98,754) |
| Incremental / (Decremental) Deferred Tax Liability on account of Financial & Other Assets / Liabilities | - | - |
| (Incremental) / Decremental Deferred Tax Asset on account of Other Assets | 4,85,883 | 1,05,177 |
| Deferred tax provision (C) | (1,14,14,897) | (7,93,578) |
| Tax Expenses recognised in Statement of Profit & Loss | 4,34,70,525 | 2,84,94,662 |
| Effective Tax Rate | 21.69% | 34.95% |

29. SEGMENT INFORMATION:

The Company's operating segments are established on the basis of those components that are evaluated regularly by the Executive Committee (the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

The Company has two principal operating and reporting segments as follows:

- 1.) Manufacturing and selling of eggs, egg based products & other ancillary products and (shortly referred as Manufacturing)
- 2.) Trading of feed ingredients. (shortly referred as Trading)

The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for segment reporting.

a) Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

b) Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

i) Primary Segment Information:

The company had taken certain poultry farms and feed mills on lease and had started operating the said leased poultry farms and feedmills from this year. Accordingly, the eggs and feeds which were purchased and sold was hitherto a trading activity. Now the company uses the leased poultry farms and manufactures eggs and either sells it outside or uses the eggs as raw material for its own production. Also using the leased feedmills, the feeds are manufactured and it is either sold outside or used as raw material (food) for the birds in the poultry farm. Hence, during this year, there is no trading activity and the activity of feed manufacture and production of poultry eggs is an ancillary and supplemental activity and also a backward integration to the company's manufacture of various egg products. Accordingly, there are no reportable segments to be given under the primary segment information.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

(in ₹)

| Particulars | Manufacturing | | Trading | | Unallocable | | Total | |
|--|-----------------------|-----------------------|----------|---------------------|---------------|----------|-----------------------|-----------------------|
| | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| 1 Segment Revenue | | | | | | | | |
| External Turnover | 2,45,52,60,424 | 2,61,95,35,788 | - | 10,43,68,833 | - | - | 2,45,52,60,424 | 2,72,39,04,621 |
| Inter-Segment Turnover | - | - | - | - | - | - | - | - |
| Revenue from operations | 2,45,52,60,424 | 2,61,95,35,788 | - | 10,43,68,833 | - | - | 2,45,52,60,424 | 2,72,39,04,621 |
| 2 Segment Result | | | | | | | | |
| Segment Result before Interest & Taxes | 22,95,84,005 | 12,75,81,596 | - | - | - | - | 22,95,84,005 | 12,75,81,596 |
| Less: Finance costs | (3,75,33,400) | - | - | - | (5,96,79,662) | - | (3,75,33,400) | (5,96,79,662) |
| Add: Interest Income | 83,75,140 | - | - | - | 1,36,16,246 | - | 83,75,140 | 1,36,16,246 |
| Profit Before Tax | 20,04,25,745 | 12,75,81,596 | - | - | (4,60,63,416) | - | 20,04,25,745 | 8,15,18,180 |
| Less: Current Tax | (5,48,85,422) | - | - | - | (2,92,88,240) | - | (5,48,85,422) | (2,92,88,240) |
| Less: Deferred Tax (exp) / income | 1,14,14,897 | - | - | - | 7,93,578 | - | 1,14,14,897 | 7,93,578 |
| Profit After Tax | 15,69,55,220 | 12,75,81,596 | - | - | (7,45,58,079) | - | 15,69,55,220 | 5,30,23,517 |
| 3 Other Information | | | | | | | | |
| Segment Assets | 2,03,13,12,057 | 1,60,01,85,513 | - | - | - | - | 2,03,13,12,057 | 1,88,67,90,759 |
| Segment Liabilities | 90,56,01,720 | 82,07,58,278 | - | - | - | - | 90,56,01,720 | 90,50,41,473 |
| Capital Expenditure | 14,14,93,804 | 6,86,21,150 | - | - | - | - | 14,14,93,804 | 6,86,21,150 |
| Depreciation & Amortisation | 20,67,72,926 | 14,15,06,278 | - | - | - | - | 20,67,72,926 | 14,15,06,278 |

II) Secondary Segment Information:

The Company has five geographic segments: India, Japan, Russia, Europe and Rest of the world. Revenues from the geographic segments based on domicile of the customer are as follows:

| Particulars | 2020-21 | 2019-20 |
|------------------------------|---|----------------|
| | 1. Segment Revenue - External Turnover | |
| (a) Within India | 86,25,43,584 | 71,52,67,871 |
| (b) Outside India: | | |
| (i) Japan | 54,08,50,287 | 58,00,36,226 |
| (ii) Russia | 44,38,78,319 | 61,85,04,499 |
| (iii) Europe | 4,48,48,256 | 15,45,45,449 |
| (iv) Rest of the World | 56,31,39,978 | 65,55,50,576 |
| Total | 2,45,52,60,424 | 2,72,39,04,621 |
| 2. Non-Current Assets | | |
| (a) Within India | 75,43,00,746 | 70,54,48,280 |
| (b) Outside India - Europe | 8,32,779 | 8,32,779 |
| Total | 75,51,33,525 | 70,62,81,059 |

Revenues from one customer of the company amount to more than 10% of the Company's total revenues and represent approximately Rs.54.08 crores (previous year Rs.58 crores) of the total revenue of the company.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

RELATED PARTY DISCLOSURES:

As required under Indian Accounting Standard (Ind AS) 24 - Related Party disclosures, disclosure of transactions with related parties are given below:

(a) Classification and name of the Related Parties

| | |
|--------------------------------|--|
| (i) Subsidiary | SKM Europe BV, Utrecht, The Netherlands |
| (ii) Associate | SKM Universal Marketing Company India Private Limited |
| (iii) Key Management Personnel | SKM Shree Shivkumar |
| | Sri.SKM Maeilanandhan |
| | K.S.Venkatachalapathy |
| (iv) Other Related Parties | P.Sekar |
| | SKM Animal Feeds and Foods India Private Limited |
| | SKM Siddha and Ayurvedha Company India Private Limited |

(b) Description of relationship between the parties :

| | |
|--|--|
| (i) Subsidiary | |
| (a) SKM Europe BV, Utrecht, The Netherlands | Foreign subsidiary company in which the company holds 85% voting power |
| (ii) Associate | |
| (a) SKM Universal Marketing Company India Private Limited | Domestic associate company in which the company holds 26% voting power |
| (iii) Key Management Personnel | |
| (a) SKM Shree Shivkumar | Managing Director |
| (b) Sri.SKM Maeilanandhan | Whole time Director |
| (c) K.S.Venkatachalapathy | Chief Financial Officer |
| (d) P. Sekar | Company Secretary |
| (iv) Other Related Parties | |
| (a) SKM Animal Feeds and Foods India Private Limited | Entity over which Key Management Personnel have significant influence |
| (b) SKM Siddha and Ayurvedha Company India Private Limited | Entity over which Key Management Personnel have significant influence |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

(c) Transactions during the year and year end balances with related parties :

(c-i) The company has the following related party transactions for the years 2020-21 & 2019-20 :

| Nature of relationship | Nature of Transactions | 2020 - 21 (₹) | 2019 - 20 (₹) |
|--------------------------------|---------------------------|---------------|---------------|
| (i) Subsidiary | Sale of goods | 4,48,48,256 | 15,45,45,449 |
| | Sale of goods | 9,72,03,854 | 10,57,85,598 |
| (ii) Associate | Purchase of goods | 11,98,89,174 | 9,57,29,100 |
| | Purchase of Motor Vehicle | 10,83,068 | 61,53,380 |
| | Purchase of Electricity | 2,34,96,645 | 2,06,01,908 |
| | Remuneration paid | 2,24,28,461 | 2,23,45,288 |
| (iii) Key Management Personnel | Rent paid | 3,18,709 | 3,23,710 |
| | Sale of goods | 3,94,506 | 28,95,534 |
| (iv) Other Related Parties | Purchase of goods | 2,40,500 | 1,99,585 |

(c-ii) The company has the following balances outstanding as of March 31, 2021 and March 31, 2020 :

| Nature of relationship | Nature of Balances outstanding | As at 31.03.2021 (₹) | As at 31.03.2020 (₹) |
|--------------------------------|--------------------------------|----------------------|----------------------|
| (i) Subsidiary | Investments | 8,32,779 | 8,32,779 |
| | Trade receivables | - | 47,67,610 |
| (ii) Associate | Investments | 1,18,45,572 | 1,18,45,572 |
| | Trade receivables | 48,97,322 | 53,76,711 |
| | Trade payables | 90,51,733 | 1,42,50,175 |
| (iii) Key Management Personnel | - | - | - |
| (iv) Other Related Parties | Trade receivables | - | 1,10,426 |
| | Trade payables | 5,289 | 46,161 |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

(d) Disclosures in respect of major related party transactions during the year :

The following are the significant related party transactions during the year ended March 31, 2021 and March 31, 2020

| Particulars | Relationship | 2020 - 21 (₹) | 2019 - 20 (₹) |
|--|--------------------------|---------------|---------------|
| 1) Purchase of goods | | | |
| (a) SKM Siddha and Ayurvedha Company India Private Limited | Other Related Party | 2,40,500 | 1,99,585 |
| (b) SKM Universal Marketing Company India Private Limited | Associate | 11,98,89,174 | 9,57,29,100 |
| (c) SKM Europe BV,Utrecht, The Netherlands | Subsidiary | 2,89,55,808 | - |
| 2) Purchase of Electricity | | | |
| (a) SKM Universal Marketing Company India Private Limited | Associate | 2,34,96,645 | 2,06,01,908 |
| 3) Purchase of Motor Vehicle | | | |
| (a) SKM Universal Marketing Company India Private Limited | Associate | 10,83,068 | 61,53,380 |
| 4) Rent paid | | | |
| (a) SKM Shree Shivkumar | Key Management Personnel | 3,18,709 | 3,23,710 |
| 5) Remuneration paid | | | |
| (a) SKM Shree Shivkumar | Key Management Personnel | 1,60,14,425 | 1,60,06,953 |
| (b) Sri.SKM Maeilanandhan | Key Management Personnel | 30,93,728 | 30,42,730 |
| (c) K.S.Venkatachalapathy | Key Management Personnel | 26,84,726 | 26,66,625 |
| (d) P.Sekar | Key Management Personnel | 6,35,582 | 6,28,980 |
| 6) Sale of goods | | | |
| (a) SKM Europe BV, Utrecht, The Netherlands | Subsidiary | 4,48,48,256 | 15,45,45,449 |
| (b) SKM Animal Feeds and Foods India Private Limited | Other Related Party | 3,94,506 | 28,95,534 |
| (c) SKM Universal Marketing Company India Private Limited | Associate | 9,72,03,854 | 10,57,85,598 |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

The following are the significant related party balances outstanding as of March 31, 2021 and March 31, 2020

| Particulars | Relationship | As at 31.03.2021 (₹) | As at 31.03.2020 (₹) |
|--|---------------------|----------------------|----------------------|
| 1) Trade receivables | | | |
| (a) SKM Europe BV, Utrecht, The Netherlands | Subsidiary | - | 47,67,610 |
| (b) SKM Universal Marketing Company India Private Limited | Associate | 48,97,322 | 53,76,711 |
| (c) SKM Animal Feeds and Foods India Private Limited | Other Related Party | - | 1,10,426 |
| 2) Trade payables | | | |
| (a) SKM Universal Marketing Company India Private Limited | Associate | 90,51,733 | 1,42,50,175 |
| (b) SKM Siddha and Ayurvedha Company India Private Limited | Other Related Party | 5,289 | 46,161 |
| 3) Investments | | | |
| (a) SKM Europe BV, Utrecht, The Netherlands | Subsidiary | 8,32,779 | 8,32,779 |
| (b) SKM Universal Marketing Company India Private Limited | Associate | 1,18,45,572 | 1,18,45,572 |

(e) Compensation of Key Management Personnel

| Particulars | 2020 - 21 (₹) | 2019 - 20 (₹) |
|----------------------------------|---------------|---------------|
| (i) Short-term employee benefits | 2,01,84,541 | 1,99,50,328 |
| (ii) Post-employment benefits * | 22,43,920 | 23,94,960 |
| (iii) Other long-term benefits | - | - |
| (iv) Termination benefits | - | - |
| (v) Share-based payment | - | - |
| | 2,24,28,461 | 2,23,45,288 |

* - Post-employment benefit comprising gratuity, and compensated absences are not disclosed as these are determined for the Company as a whole.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Foreign currency risk:

The company is essentially an Export Oriented Undertaking and makes significant exports and has availed Working Capital Loan (Packing Credit) in Foreign currency and also imports goods, stores & spares occasionally. The Company is exposed to foreign currency risk on these transactions. The Company follows a conservative and sound policy by entering into simple Forward Exchange Contracts to hedge the foreign currency risk whose maturity is coterminous with the maturity period of the foreign currency liabilities and receivables.

The following table shows the foreign currency exposure in USD and EUR on financial statements at the end of the reporting period. The exposure to foreign currency for all other currencies are not material.

| Particulars | As at 31st March 2021 (₹) | As at 31st March 2020 (₹) |
|------------------------------------|---------------------------|---------------------------|
| (i) Borrowings: | | |
| Euro | 6,67,73,966 | 6,43,43,855 |
| USD | 45,91,91,122 | 55,17,06,686 |
| (ii) Trade & other payables | | |
| Euro | 46,85,739 | 52,18,331 |
| USD | 34,80,355 | - |
| (iii) Trade & other receivables | | |
| Euro | - | 47,67,610 |
| USD | 9,94,33,769 | 6,10,68,087 |
| Net Exposure (i + ii - iii) | 43,46,97,414 | 55,54,33,175 |

Sensitivity analysis of 1% change in exchange rate at the end of the reporting period net of hedges

| Particulars | As at 31st March 2021 (₹) | | |
|------------------------|---------------------------|------------|-------------|
| | USD | Euro | Total |
| 1% Depreciation in INR | | | |
| Impact on equity | - | - | - |
| Impact on P & L | (36,32,377) | (7,14,597) | (43,46,974) |
| Total | (36,32,377) | (7,14,597) | (43,46,974) |
| 1% Appreciation in INR | | | |
| Impact on equity | - | - | - |
| Impact on P & L | 36,32,377 | 7,14,597 | 43,46,974 |
| Total | 36,32,377 | 7,14,597 | 43,46,974 |
| Particulars | As at 31st March 2020 (₹) | | |
| | USD | Euro | Total |
| 1% Depreciation in INR | | | |
| Impact on equity | - | - | - |
| Impact on P & L | (49,06,386) | (6,47,946) | (55,54,332) |
| Total | (49,06,386) | (6,47,946) | (55,54,332) |
| 1% Appreciation in INR | | | |
| Impact on equity | - | - | - |
| Impact on P & L | 49,06,386 | 6,47,946 | 55,54,332 |
| Total | 49,06,386 | 6,47,946 | 55,54,332 |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Interest rate risk:

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has availed significant Foreign Currency Working Capital Loan (In USD as well as Euro) by way of Packing Credit at floating interest rates. The interest rate is at 2% (spread) plus LIBOR rate of respective Bank and the interest rate is reset based on the LIBOR rate, as per the loan facility agreement. The Company has not entered into any of the interest rate swaps and hence, the Company is exposed to interest rate risk.

The Company considering the economic environment in which it operates has determined the interest rate sensitivity analysis (interest exposure) at the end of the reporting period. The interest rate for the Company are floating rates and hence, the analysis is prepared assuming the amount of the borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point +/- fluctuation in the interest rate is used for disclosing the sensitivity analysis.

The exposure of the company's borrowings to interest rate changes at the end of the reporting period are as follows

| Particulars | As at 31st March 2021 (₹) | As at 31st March 2020 (₹) |
|--|---------------------------|---------------------------|
| (i) Borrowings - Short term | | |
| Borrowings in Euro | 6,67,73,966 | 6,43,43,855 |
| Borrowings in USD | 45,91,91,122 | 55,17,06,686 |
| Borrowings in INR - Current maturity of Long Term loan | 1,10,36,899 | 98,52,250 |
| (ii) Borrowings - Long term | | |
| Borrowings in INR | 1,47,31,828 | 2,58,71,845 |
| Net Exposure | 55,17,33,815 | 65,17,74,636 |

Impact on interest expenses for the year on 1% change in interest rates

| Particulars | 2020 - 21 (₹) | 2019 - 20 (₹) |
|------------------|--------------------|--------------------|
| Up Move | | |
| Impact on equity | - | - |
| Impact on P & L | (74,85,530) | (71,01,878) |
| Total | (74,85,530) | (71,01,878) |
| Down Move | | |
| Impact on equity | - | - |
| Impact on P & L | 74,85,530 | 71,01,878 |
| Total | 74,85,530 | 71,01,878 |

The interest rate sensitivity analysis is done holding on the assumption that all other variables remaining constant. The increase / decrease in interest expense is mainly attributable to the Company's exposure to interest rates on its variable rate of borrowings.

Commodity price risk:

Commodity price risk arises due to fluctuation in prices of eggs, feeds and other products. The company has a risk management framework aimed at prudently managing the risk by reducing the external dependability and enhancement of self reliance by manufacturing the commodities in house to the extent possible.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Credit risk:

Credit risk is a risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due, causing financial loss to the company. Credit risk arises from Company's outstanding receivables from customers and other parties. The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. The Company ensures that sales of products are made to customers with appropriate creditworthiness. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Geographic concentration of credit risk:

Geographic concentration of trade receivables is as follows:

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|------------------------|-----------------------|-----------------------|
| (a) Within India | 2,66,11,587 | 1,98,46,718 |
| (b) Outside India: | | |
| (i) Japan | 37,46,970 | 2,33,76,072 |
| (ii) Russia | 3,88,92,697 | 6,45,24,334 |
| (iii) Europe | - | 47,67,610 |
| (iv) Rest of the World | 5,14,01,449 | 3,77,14,084 |
| Total | 12,06,52,703 | 15,02,28,818 |

Year ended 31-03-2021

Expected credit loss for trade receivables under simplified approach

| Ageing | Upto 180 days | More than 181 days | Total |
|---|---------------|--------------------|--------------|
| Gross carrying amount - Trade receivables | 12,04,98,460 | 1,54,243 | 12,06,52,703 |
| Expected credit losses (Loss allowance provision) - trade receivables | - | - | - |
| Carrying amount of trade receivables (net of impairment) | 12,04,98,460 | 1,54,243 | 12,06,52,703 |

Year ended 31-03-2020

Expected credit loss for trade receivables under simplified approach

| Ageing | Upto 180 days | More than 181 days | Total |
|---|---------------|--------------------|--------------|
| Gross carrying amount - Trade receivables | 15,00,91,010 | 1,37,808 | 15,02,28,818 |
| Expected credit losses (Loss allowance provision) - trade receivables | - | - | - |
| Carrying amount of trade receivables (net of impairment) | 15,00,91,010 | 1,37,808 | 15,02,28,818 |

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Liquidity risk:

Liquidity risk arises from the company's inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient stock of cash and cash equivalents (Rs.10.44 crores as on 31st March 2021) & (Rs.21.47 crores as on 31st March 2020) and maintaining availability of standby funding through an adequate line up of committed credit facilities (Rs.52.60 crores as on 31st March 2021) & (Rs.61.61 crores as on 31st March 2020).

Liquidity Exposure as at 31.03.2021:

| Particulars | < 1 year | 1 - 5 years | > 5 years | Total |
|-------------------------------------|---------------------|--------------------|--------------------|---------------------|
| Financial Assets: | | | | |
| Non-Current investments | - | - | 1,26,78,351 | 1,26,78,351 |
| Current investments | 15,30,22,361 | - | - | 15,30,22,361 |
| Loans | 7,74,77,791 | 1,12,62,013 | 1,46,81,387 | 10,34,21,191 |
| Trade receivables | 12,06,52,703 | - | - | 12,06,52,703 |
| Cash and cash equivalents | 10,44,20,027 | - | - | 10,44,20,027 |
| Bank balances other than (ii) above | 51,09,638 | - | - | 51,09,638 |
| Other Financial Assets | - | - | - | - |
| Total Financial Assets | 46,06,82,520 | 1,12,62,013 | 2,73,59,738 | 49,93,04,271 |
| Financial Liabilities: | | | | |
| Long Term Borrowings* | 1,10,36,899 | 1,47,31,828 | - | 2,57,68,727 |
| Short Term Borrowings | 52,59,65,088 | - | - | 52,59,65,088 |
| Trade Payables | 14,41,08,502 | - | - | 14,41,08,502 |
| Other Financial Liabilities** | 2,58,22,195 | - | - | 2,58,22,195 |
| Total Financial Liabilities | 70,69,32,683 | 1,47,31,828 | - | 72,16,64,511 |

Liquidity Exposure as at 31.03.2020:

| Particulars | < 1 year | 1 - 5 years | > 5 years | Total |
|-------------------------------------|---------------------|--------------------|--------------------|---------------------|
| Financial Assets: | | | | |
| Non-Current investments | - | - | 1,26,78,351 | 1,26,78,351 |
| Current investments | - | - | - | - |
| Loans | 2,72,56,670 | 84,69,578 | 1,28,83,683 | 4,86,09,931 |
| Trade receivables | 15,02,28,818 | - | - | 15,02,28,818 |
| Cash and cash equivalents | 21,47,28,071 | - | - | 21,47,28,071 |
| Bank balances other than (ii) above | 41,64,204 | - | - | 41,64,204 |
| Other Financial Assets | 2,50,00,000 | - | - | 2,50,00,000 |
| Total Financial Assets | 42,13,77,763 | 84,69,578 | 2,55,62,034 | 45,54,09,375 |
| Financial Liabilities: | | | | |
| Long Term Borrowings* | 98,52,250 | 2,58,71,845 | - | 3,57,24,095 |
| Short Term Borrowings | 61,60,50,541 | - | - | 61,60,50,541 |
| Trade Payables | 15,11,51,044 | - | - | 15,11,51,044 |
| Other Financial Liabilities** | 41,64,204 | - | - | 41,64,204 |
| Total Financial Liabilities | 78,12,18,039 | 2,58,71,845 | - | 80,70,89,885 |

* - Includes current maturities of long term debt

** - Excludes current maturities of long term debt

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED BALANCE SHEET OF SUBSIDIARY SKM EUROPE BV AS AT 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---------------------------------------|--------------------|---------------------|
| I.ASSETS | | |
| (1) Non-Current Assets | | |
| (a) Property, Plant & Equipments | 1,79,166 | 41,727 |
| (b) Capital work in Progress | - | - |
| (c) Financial Assets | | |
| (i) Investments | - | - |
| (ii) Loans | - | - |
| (2) Current Assets | | |
| (a) Inventories | 1,68,47,846 | 4,86,75,450 |
| (b) Financial Assets | | |
| (i) Trade receivables | 4,28,07,608 | 9,48,95,864 |
| (ii) Cash and cash equivalents | 23,91,849 | 12,05,619 |
| (iii) Loans | 93,82,454 | 2,24,78,168 |
| (c) Other current assets | 10,91,688 | 22,31,396 |
| Total Assets | 7,27,00,612 | 16,95,28,223 |
| II. EQUITY AND LIABILITIES | | |
| Equity | | |
| (a) Equity Share Capital | 9,79,740 | 9,79,740 |
| (b) Other Equity | 3,24,63,377 | 2,96,23,573 |
| Liabilities | | |
| (1) Non-Current Liabilities | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | - | 1,67,93,690 |
| (2) Current Liabilities | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | 57,39,396 | 1,25,05,069 |
| (ii) Trade Payables | 3,29,15,824 | 10,89,50,914 |
| (b) Other Current Liabilities | - | - |
| (c) Provisions | 6,02,275 | 6,75,237 |
| Total Equity & Liabilities | 7,27,00,612 | 16,95,28,223 |

as per our report of even date

FOR AND ON BEHALF OF THE BOARD

N. PRASANNA VENKATESAN
Chartered Accountant
Membership No. : 235530

SKM MAEILANANDHAN
Executive Chairman & Whole Time Director

SKM SHREE SHIVKUMAR
Managing Director

Place : Erode
Date : 26.05.2021

K.S.VENKATACHALAPATHY
Chief Financial Officer
Membership No. : 029064

P. SEKAR
Company Secretary
Membership No.F10744

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Statement of Profit and Loss Account of Subsidiary SKM Europe BV for the year ended 31.03.2021 (in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|---------------------|---------------------|
| Revenue from operations | 28,06,43,938 | 56,07,51,440 |
| Other Income | 23,384 | 15,70,203 |
| Total Income | 28,06,67,322 | 56,23,21,643 |
| Expenses: | | |
| Cost of materials consumed | - | - |
| Purchase of Stock-in-Trade | 24,33,16,514 | 50,97,28,055 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 2,03,82,471 | (4,62,170) |
| Employee Benefit Expense | - | - |
| Financial Costs | 10,61,086 | 15,37,434 |
| Depreciation and Amortization Expense | 74,008 | 67,651 |
| Other Expenses | 1,29,24,341 | 5,04,01,854 |
| Total Expenses | 27,77,58,420 | 56,12,72,824 |
| Profit before tax | 29,08,901 | 10,48,819 |
| Tax expense: | | |
| Current tax | - | - |
| Deferred tax | - | - |
| Profit/(Loss) for the Year | 29,08,901 | 10,48,819 |
| Other Comprehensive Income | | |
| (i) Items that will not be reclassified to Statement of Profit and loss | (69,098) | (15,35,103) |
| (ii) Items that will be reclassified to Statement of Profit and loss | - | - |
| Total Comprehensive Income for the year | 28,39,804 | (4,86,284) |
| Earning per equity share of face value Rs.10 each | | |
| Basic (in Rs) | 161.61 | 58.27 |
| Diluted (in Rs) | 161.61 | 58.27 |

as per our report of even date

FOR AND ON BEHALF OF THE BOARD

N. PRASANNA VENKATESAN
Chartered Accountant
Membership No. : 235530

SKM MAEILANANDHAN
Executive Chairman & Whole Time Director

SKM SHREE SHIVKUMAR
Managing Director

Place : Erode
Date : 26.05.2021

K.S.VENKATACHALAPATHY
Chief Financial Officer
Membership No. : 029064

P. SEKAR
Company Secretary
Membership No.F10744

INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

Opinion:

We have audited the accompanying consolidated financial statements of M/s. SKM EGG PRODUCTS EXPORT (INDIA) LIMITED, ("the Company") and its subsidiary (the Companies and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (Including Other Comprehensive Income), the Consolidated Statement of changes in equity and the Consolidated Statement of Cash Flows for the year then ended on that date and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the group as at 31st March, 2021; the consolidated profit and consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion:

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of Consolidated Financial Statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

| S No | Key Audit Matter | Auditor's Response |
|------|--|---|
| 1 | <p>Inventory Existence and Valuation:</p> <p>As on 31st March 2021, the Company carries inventories to the tune of Rs.77.87 crores.</p> <p>We considered the amount of inventories as a key audit matter given the relative size of the balance in the financial statements.</p> <p>Also there are complexities and manual process involved in determining inventory quantities on hand and valuation of the same due to the diverse & numerous inventory products and stocks held in overseas branch and price fluctuations of products. Therefore inventory quantities and valuation is identified as a key audit matter.</p> | <ul style="list-style-type: none"> ● We have attended inventory counts for certain products, which we have selected based on financial significance and risk, observed management's inventory count procedures to assess the effectiveness, selected a sample of inventory products and compared the quantities counted to the quantities recorded and ensured inventory adjustments, if any, are recorded in the books of accounts. ● With regard to the stocks held in the overseas branch and in transit, we have received the certificate from the overseas branch auditor and obtained management representation and verified the relevant documents relating to goods sent from head office to the branch ● Reviewed the internal audit report regarding physical verification of inventories and traced adjustments on sample basis. ● Comparative analysis of inventory as at the end of the year with the inventory at the beginning of the year. ● We assessed whether the management's controls relating to inventory's valuation are appropriately designed and implemented and verified the correctness of valuation made by the management on a sample basis, with regard to the cost and net realizable value of inventory. |
| 2 | <p>Amortisation of livestock:</p> <p>For the company, the primary raw material is the egg, which was used to be acquired from outside in large quantities and was also produced in-house in small quantities by the poultry farm owned by the company. However, during the year, the company has started operating certain additional poultry farms and feed mills by taking the same on lease.</p> | <ul style="list-style-type: none"> ● Examined the method used to amortize the livestock expenses with reference to the company's historical experience and technical evaluation by internal experts (doctors) appointed by management. ● Evaluated the rationale in arriving at the amortization rate with regard to the number of eggs expected from birds during the laying |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

| S No | Key Audit Matter | Auditor's Response |
|------|---|--|
| | <p>The amortization of livestock during the year amounts to 11.49 crores. Also there are complexities and manual process involved in arriving at the amortization rate considering a variety of factors such as age, productivity of the birds, life of birds, residual value, if any, etc., Therefore amortization of livestock is identified as a key audit matter.</p> | <p>stage, residual value of culled birds, manner and timing of amortization.</p> <ul style="list-style-type: none"> ● Analyzed the flow of transactions starting from accumulating the various expenditure incurred for raising the birds such as feeds, medicines, vaccines, growing and supervision charges, etc., till the birds attain laying stage. After the birds starts laying eggs, the expenses so accumulated are amortized over the useful life of the birds in proportion to the eggs laid after adjusting for the residual value of culled birds on the basis of past experiences and estimation. ● Assessed the objectivity and competence of the Company's internal experts involved in the process. |
| 3 | <p>Evaluation of Contingent liabilities:</p> <p>The company has an uncertain indirect tax position and other contingent liabilities in respect of bills discounted which involve significant judgment to determine the possible outcome of these matters.</p> | <ul style="list-style-type: none"> ● Obtained the details of completed indirect tax assessments and demands as on 31.03.2021 from the management. ● We have also reviewed the company's correspondences and appellate documents and considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions ● In respect of bills discounted, analyzed the history of the business transactions of the company with the debtors whose bills were discounted and the trend of payments made by the debtors in the past and also had taken into account the transactions occurring after the balance sheet date in assessing the recoverability of debtors for the bills discounted. ● Ascertained the chances of crystallization of liability are probable / possible / remote and ensured appropriate disclosure under Notes on accounts. |

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance Report, and Shareholder Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated financial statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those board of directors of the companies included in the group are also responsible for overseeing the financial reporting process of the group.

Auditor's Responsibility for the Audit of Consolidated financial statements:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- " Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- " Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- " Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- " Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- " Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- 1) We did not audit the financial statements / information of 1 branch (Foreign branch) (In Russia) included in the standalone financial statements of the Company whose financial statements / financial information reflect total assets

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

of Rs. 17,50,70,530/- as at 31st March, 2021 and total revenues of Rs. 44,38,78,319/- for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of this branch have not been audited by us and has been audited by Russian Auditor whose audit report has been furnished to us and our opinion is based on those Financial Statements received from the Branch Office and certified by the Russian Auditor. Our opinion is not qualified / modified in respect of this matter.

- 2) The consolidated financial results includes the unaudited financial statements / financial information of 1 subsidiary whose financial statements / financial information reflect total assets of Rs.7,27,00,612/- as at 31st March, 2021, total revenue of Rs.23,58,19,065/-, total net profit after tax of Rs.24,72,566/-, total comprehensive income of Rs.24,13,833/- and cash inflows (net) of Rs.79,51,903/-for the year ended on that date, as considered in the consolidated financial statements, whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the Management. Our opinion is not modified in respect of this matter.
- 3) The consolidated financial results also includes the Group's share of net profit after tax of Rs.36,83,941/- and total comprehensive income of Rs. 37,51,623/- for the year ended 31st March, 2021, as considered in the consolidated financial statements, in respect of 1 associate, whose financial statements / financial information have not been audited by us. These financial statements/ financial information are unaudited and have been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and associate, is based solely on such unaudited financial statements/financial information. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements:

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
- b) In our opinion proper books of account as required by law relating to the preparation of aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
- e) On the basis of written representations received from the directors of the company as on March 31, 2021 taken on record by the Board of Directors of the company, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, the company has only one foreign subsidiary (SKM Europe BV, Utrecht, The Netherlands) and one Indian associate (SKM Universal Marketing Company India Private Limited). As regards the foreign subsidiary, it is a company

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

incorporated outside India and has business operations outside India and hence the company is not a company under the Companies Act, 2013 and reporting on the adequacy of the internal financial controls over financial reporting regarding subsidiary is not warranted as the provisions are applicable only to Indian subsidiaries. As regards the Indian associate, as the financial statements of the associate have not been audited as on the date of furnishing the report, we are not in a position to report on the Internal Financial Controls over Financial Reporting on Consolidated Financial Statements.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, the remuneration paid / provided during the year to directors is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group. - Also Refer Note No 2(ii) of Notes on Accounts to the Consolidated financial statements;
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses and hence provisions are not warranted in consolidated financial statements.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Date : 26.05.2021
Place : Erode

N.PRASANNA VENKATESAN
CHARTERED ACCOUNTANT
Membership No.235530
UDIN : 21235530AAAACD4067

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SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31.03.2021

CIN : L01222TZ1995PLC006025

(in ₹)

| Particulars | Note No. | As at 31.03.2021 | As at 31.03.2020 |
|---|----------|-----------------------|-----------------------|
| I. Assets | | | |
| (1) Non-current assets | | | |
| (a) Property, Plant and Equipment | 3(a&b) | 69,39,78,217 | 64,66,07,921 |
| (b) Capital work-in-progress | 3(c) | 2,27,12,723 | 2,56,83,253 |
| (c) Financial Assets | | | |
| (i) Investments | 4(a) | 46,63,117 | 9,11,494 |
| (ii) Loans | 4(b) | 2,59,43,400 | 2,13,53,261 |
| (2) Current assets | | | |
| (a) Inventories | 5 | 79,55,77,472 | 75,27,72,767 |
| (b) Financial Assets | | | |
| (i) Investments | 6(a) | 15,30,22,361 | - |
| (ii) Trade receivables | 6(b) | 16,34,60,311 | 24,03,57,072 |
| (iii) Cash and cash equivalents | 6(c) | 10,68,11,876 | 21,59,33,690 |
| (iv) Bank balances other than (ii) above | 6(d) | 51,09,638 | 41,64,204 |
| (v) Loans | 6(e) | 8,68,60,246 | 4,97,34,838 |
| (vi) Other Financial Assets | 6(f) | - | 2,50,00,000 |
| (c) Other current assets | 7 | 3,78,58,074 | 5,72,66,016 |
| Total Assets | | 2,09,59,97,435 | 2,03,97,84,516 |
| II. EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share capital | 8(a) | 26,33,00,000 | 26,33,00,000 |
| (b) Other Equity | 8(b) | 88,28,21,752 | 73,26,95,245 |
| LIABILITIES | | | |
| (1) Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 9(a) | 1,47,31,828 | 4,26,65,536 |
| (ii) Other Financial Liabilities - Non current | 9(b) | 7,13,83,126 | - |
| (b) Provisions | 10 | 43,28,870 | 58,69,260 |
| (c) Deferred tax liabilities (Net) | 11 | 5,42,98,289 | 6,56,55,731 |
| (d) Minority Interest | 12 | 50,16,468 | 45,90,498 |
| (2) Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 13(a) | 53,17,04,484 | 62,85,55,610 |
| (ii) Trade payables | 13(b) | | |
| (A) total outstanding dues of micro enterprises and small enterprises; and | | 4,11,600 | 7,69,163 |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises. | | 17,66,12,726 | 25,45,65,186 |
| (iii) Other Financial Liabilities | 13(c) | 3,68,59,094 | 1,40,16,454 |
| (b) Other current liabilities | 14 | 3,29,33,661 | 1,78,32,597 |
| (c) Provisions | 15 | 2,15,95,537 | 92,69,237 |
| (d) Current Tax Liabilities (Net) | | - | - |
| Total Equity and Liabilities | | 2,09,59,97,435 | 2,03,97,84,516 |

See accompanying Notes to the Financial Statements

FOR AND ON BEHALF OF THE BOARD

N. PRASANNA VENKATESAN
Chartered Accountant
Membership No. : 235530

SKM MAELANANDHAN
Executive Chairman & Whole Time Director

SKM SHREE SHIVKUMAR
Managing Director

K.S.VENKATACHALAPATHY
Chief Financial Officer
Membership No. : 029064

P. SEKAR
Company Secretary
Membership No.F10744

Place : Erode
Date : 26.05.2021

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31.03.2021

CIN : L01222TZ1995PLC006025

(in ₹)

| Particulars | Note No. | 2020 - 2021 | 2019 - 2020 |
|---|----------|-----------------------|-----------------------|
| Revenue from operations | 18 | 2,69,10,56,106 | 3,13,01,10,612 |
| Other Income | 19 | 12,95,39,258 | 20,83,50,464 |
| Total Income | | 2,82,05,95,364 | 3,33,84,61,076 |
| EXPENSES | | | |
| Cost of materials consumed | 20 | 1,64,58,63,659 | 2,15,66,49,354 |
| Purchases of Stock-in-Trade | 21 | 22,16,32,882 | 46,29,39,592 |
| Changes in inventories of finished goods, Stock-in -Trade and work-in-progress | 22 | 21,61,265 | (16,77,56,524) |
| Employee benefits expense | 23 | 15,52,99,184 | 16,24,01,102 |
| Finance costs | 24 | 3,85,94,486 | 6,12,17,096 |
| Depreciation and amortization expense | 25 | 20,68,46,934 | 14,15,73,928 |
| Other expenses | 26 | 34,68,62,307 | 43,88,69,529 |
| Total Expenses | | 2,61,72,60,718 | 3,25,58,94,077 |
| Profit before Share of Profit/(Loss) of Associates | | 20,33,34,646 | 8,25,66,999 |
| Share of Profit/(Loss) of Associates | | 36,83,941 | (69,71,500) |
| Profit/(loss) before tax | | 20,70,18,587 | 7,55,95,499 |
| Tax expense: | | | |
| (1) Current tax | 27(I) | 5,48,85,422 | 2,92,88,240 |
| (2) Deferred tax | 27(ii) | (1,14,14,897) | (7,93,578) |
| Profit/(Loss) for the Year | | 16,35,48,062 | 4,71,00,836 |
| Other Comprehensive Income | | | |
| (A) Items that will not be reclassified to Statement of Profit and loss | | | |
| i) Remeasurement of Defined Benefit Plans & Others | | 2,28,286 | (7,59,872) |
| ii) translating the financial statements of a foreign operation | | (69,098) | (15,35,103) |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

| Particulars | Note No. | 2020 - 2021 | 2019 - 2020 |
|--|----------|---------------------|--------------------|
| iii) Share in OCI of Associate | | 67,682 | - |
| iv) Income tax relating to items that will not be reclassified to Statement of Profit and loss | | 57,455 | (2,11,396) |
| (B) Items that will be reclassified to Statement of Profit and loss | | - | - |
| (i) Income tax relating to items that will be reclassified to Statement of Profit and loss | | - | - |
| Total Comprehensive Income for the year | | 16,37,17,477 | 4,50,17,258 |
| Net Profit attributable to : | | | |
| (i) Owners of the Company | | 16,31,11,727 | 4,69,43,513 |
| (ii) Non controlling Interest | | 4,36,335 | 1,57,323 |
| Other Comprehensive Income attributable to : | | | |
| (i) Owners of the Company | | 1,79,780 | (18,53,313) |
| (ii) Non controlling Interest | | (10,365) | (2,30,265) |
| Total Comprehensive Income attributable to : | | | |
| (i) Owners of the Company | | 16,32,91,507 | 4,50,90,200 |
| (ii) Non controlling Interest | | 4,25,971 | (72,943) |
| Earning per equity share of face value Rs.10 each | 28 | | |
| Basic (in Rs.) | | 6.19 | 1.78 |
| Diluted (in Rs.) | | 6.19 | 1.78 |

See accompanying Notes to the Financial Statements For and on behalf of the Board

FOR AND ON BEHALF OF THE BOARD

N. PRASANNA VENKATESAN
Chartered Accountant
Membership No. : 235530

SKM MAEILANANDHAN
Executive Chairman & Whole Time Director

SKM SHREE SHIVKUMAR
Managing Director

Place : Erode
Date : 26.05.2021

K.S.VENKATACHALAPATHY
Chief Financial Officer
Membership No. : 029064

P. SEKAR
Company Secretary
Membership No.F10744

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED Consolidated Statement of Changes in Equity

A. Equity Share Capital

| Balance at the beginning of the reporting period (i.e. 1st April, 2020) | Changes in equity share capital during the year 2020-21 | Balance at the end of the reporting period (i.e. 31st March, 2021) |
|---|---|--|
| 26,33,00,000 | - | 26,33,00,000 |
| Balance at the beginning of the reporting period (i.e. 1st April, 2019) | Changes in equity share capital during the year 2019-20 | Balance at the end of the reporting period (i.e. 31st March, 2020) |
| 26,33,00,000 | - | 26,33,00,000 |

B. Other Equity

As on 31st March 2021

| Particulars | Reserves & Surplus | | | | |
|---|--------------------|-----------------|-------------------|----------------------------|---------------|
| | Securities Premium | General Reserve | Retained Earnings | Other Comprehensive Income | Total |
| Balance at the beginning of the reporting period (i.e. 1st April, 2020) | 13,37,224 | 4,32,812 | 73,25,84,489 | (16,59,280) | 73,26,95,245 |
| Total Comprehensive Income for the year | - | - | 16,31,11,727 | 1,79,780 | 16,32,91,507 |
| Dividends | | | (1,31,65,000) | | (1,31,65,000) |
| Tax on dividends | | | - | | - |
| Balance at the end of the reporting period (i.e. 31st March, 2021) | 13,37,224 | 4,32,812 | 88,25,31,216 | (14,79,500) | 88,28,21,752 |

As on 31st March 2020

| Particulars | Reserves & Surplus | | | | |
|---|--------------------|-----------------|-------------------|----------------------------|---------------|
| | Securities Premium | General Reserve | Retained Earnings | Other Comprehensive Income | Total |
| Balance at the beginning of the reporting period (i.e. 1st April, 2019) | 13,37,224 | 4,32,812 | 70,15,01,466 | 1,94,033 | 70,34,65,535 |
| Total Comprehensive Income for the year | - | - | 4,69,43,513 | (18,53,313) | 4,50,90,200 |
| Dividends | | | (1,31,65,000) | | (1,31,65,000) |
| Tax on dividends | | | (26,95,490) | | (26,95,490) |
| Balance at the end of the reporting period (i.e. 31st March, 2020) | 13,37,224 | 4,32,812 | 73,25,84,489 | (16,59,280) | 73,26,95,245 |

as per our report of even date

FOR AND ON BEHALF OF THE BOARD

N. PRASANNA VENKATESAN
Chartered Accountant
Membership No. : 235530

SKM MAELANANDHAN
Executive Chairman & Whole Time Director

SKM SHREE SHIVKUMAR
Managing Director

K.S.VENKATACHALAPATHY
Chief Financial Officer
Membership No. : 029064

P. SEKAR
Company Secretary
Membership No.F10744

Place : Erode
Date : 26.05.2021

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1ST APRIL, 2020 TO 31ST MARCH, 2021 (in ₹)

| Particulars | 31-03-2021 | 31-03-2020 |
|--|-----------------------|-----------------------|
| CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Net Profit Before Tax as per Statement of Profit and Loss | 20,70,18,587 | 7,55,95,499 |
| Adjusted for: | | |
| Depreciation | 9,19,77,820 | 6,95,35,506 |
| Financial Cost | 3,85,94,486 | 6,12,17,096 |
| (Profit) / Loss on Sale of Assets | 31,15,988 | (65,534) |
| (Profit) / Loss on Sale of Investments | (11,62,509) | - |
| Unrealised (Gain) / Loss on Investments | (18,70,998) | - |
| Share of (Profit) / Loss of Associate | (36,83,941) | 69,71,500 |
| Interest income | (83,75,140) | (1,36,16,246) |
| Operating profit before Working capital changes | 32,56,14,293 | 19,96,37,822 |
| Adjusted for: | | |
| Trade & Other Receivables | 7,95,89,156 | 2,98,36,757 |
| Inventories | (4,28,04,705) | (27,37,26,497) |
| Trade & Other Payables | (5,01,33,778) | (4,60,88,113) |
| Cash Generated from Operations | 31,22,64,965 | (9,03,40,031) |
| Taxes Paid (Net) | (5,48,85,422) | (2,92,88,240) |
| Net Cash from / (used in) Operating Activities - A | 25,73,79,543 | (11,96,28,271) |
| CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of Fixed Assets | (3,07,10,050) | (6,86,21,150) |
| Purchase of Current Investments | (22,44,88,854) | - |
| Sale of Current Investments | 7,45,00,000 | - |
| Sale of Fixed Assets | 22,11,677 | 2,27,344 |
| Interest income | 83,75,140 | 1,36,16,246 |
| Net Cash from / (used in) Investing Activities - B | (17,01,12,087) | (5,47,77,560) |
| CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Long Term Borrowings | (2,79,33,708) | (94,20,368) |
| Financial Cost (excluding Interest on lease Liability) | (3,04,18,327) | (6,12,17,096) |
| Lease Liability paid | (2,70,75,676) | - |
| Dividend & Dividend distribution tax paid | (1,31,65,000) | (1,58,60,490) |
| Net Cash Flow from / (used in) Financing Activities - C | (9,85,92,711) | (8,64,97,955) |
| Net Increase / (Decrease) in Cash and Cash equivalents | (1,13,25,255) | (26,09,03,786) |
| Opening Cash & Cash Equivalents | (40,84,57,716) | (14,75,53,930) |
| Closing Cash & Cash Equivalents | (41,97,82,970) | (40,84,57,716) |

1. Cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and are considered part of the Company's cash management system. Also refer note number 6(b) & 6(c).
2. The above cashflow statement has been prepared following the indirect method as set out in Ind AS-7.

N. PRASANNA VENKATESAN
Chartered Accountant
Membership No. : 235530

SKM MAEILANANDHAN
Executive Chairman & Whole Time Director

SKM SHREE SHIVKUMAR
Managing Director

Place : Erode
Date : 26.05.2021

K.S.VENKATACHALAPATHY
Chief Financial Officer
Membership No. : 029064

P. SEKAR
Company Secretary
Membership No.F10744

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

1. GENERAL INFORMATION & COMPANY BACKGROUND

SKM Egg Products Export India Limited ("the company") is a public listed company incorporated and domiciled in India.

The address of its registered office is No.133, 133/1, Gandhiji Street, Erode - 638001 and the address of the principal place of business is Cholangapalayam, Erode which addresses are also disclosed in the introduction to the annual report. The Company has its primary listing with Bombay Stock Exchange and National Stock Exchange in India.

The Company is an Export Oriented Undertaking engaged in the production and sale of eggs and manufacture and sale of Egg Products. The company's revenue is mainly on account of export of egg products.

SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF PREPARATION AND PRESENTATION:

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities which have been measured at fair value amount :

- i) Certain financial assets and liabilities (including derivative instruments)
- ii) Defined benefit plans - plan assets

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of transactions involving sale of goods to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents, the Company has considered an operating cycle of 12 months.

STATEMENT OF COMPLIANCE:

These financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS'), notified under Section 133 of the Companies Act, 2013 (the Act), read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Effective April 1, 2017, the Company has adopted all the applicable Ind AS Standards and the adoption was carried out in accordance with Ind AS 101, First Time adoption of Indian Accounting Standards, with April 1, 2016 as the transition date. The transition was carried out from Indian Accounting Principles Generally Accepted in India (Indian GAAP), as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP), which was the previous GAAP.

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Accounting Policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto adopted.

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Indian rupees, the national currency of India, which is the functional currency of the company.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Inventories

Inventories are valued in line with Ind AS 2 - Inventories. Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any, except in case of by-products which are valued at net realisable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads net of recoverable taxes incurred in bringing them to their respective present location and condition. . The formula used for arriving at the cost for various items of inventories are as follows:

| | |
|------------------------|-----------------------|
| i) Raw materials | Weighted Average Cost |
| ii) Packing Materials | Weighted Average Cost |
| iii) Additives | Weighted Average Cost |
| iv) Stores & Spares | Weighted Average Cost |
| v) Semi-finished goods | Weighted Average Cost |
| vi) Finished goods | FIFO |
| vii) Livestock | Weighted Average Cost |

Revenue Recognition

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from sale of goods is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Revenue is recognised and expenditure is accounted for on their accrual

Sales of Finished goods, Eggs, Birds & Feeds are recognised on accrual basis and are accounted for in the books of accounts on the dates on which the goods are actually despatched from the Factory, Farm, Feedmill respectively.

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Interest Income :

Interest income from a financial asset is recognised using effective interest rate method.

Dividend Income :

Revenue on account of dividend income recognised when the Company's right to receive the payment has been established.

Government grants / assistance :

Revenue from grants, subsidies or government assistance in any form are recognised when the Company's right to receive the payment has been established.

Grants from the Government are recognized at their fair market value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions. Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are shown by way of reduction from the value of the Property, plant & equipment in accordance with the amended Ind AS 20 - Accounting for Government Grants and Disclosure of Government Assistance.

Finance Cost

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

Leases

The Company, as a lessee, recognises a right of use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right of use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

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The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

Lease liability and ROU asset are separately presented in the Balance Sheet and lease payments are classified as financing cash flows. At the date of commencement of the lease, the Company recognizes a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term and a lease liability for all lease arrangements in which it is a lessee except for leases with a term of 12 months or less (short term leases) and leases for which the underlying assets is of low value. For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

Earnings Per Share

Basic earnings per share is calculated by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the conversion of all dilutive potential equity shares. Since the company does not have any potential equity shares, the basic earnings per share and diluted earnings per share are the same for the company.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Tax Expenses:

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or equity. In which case, the tax is also recognised in other comprehensive income or equity.

Current tax:

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the tax rates that are enacted or substantively enacted at the Balance Sheet date.

The current income tax expense includes income taxes payable by the Company and its branch in overseas. The current tax payable by the Company in India is the Indian income tax payable on income earned in India and from overseas branch. Current income tax payable by overseas branch of the Company is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Company's worldwide income.

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Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

Deferred Tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

Cash Flow Statements

Cash Flow Statement has been prepared under "Indirect Method". For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and are considered part of the Company's cash management system. In the balance sheet, bank overdrafts are presented under borrowings within current liabilities.

Property, plant & equipment:

Property, plant & equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net changes on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use are considered as pre-operative expenses and disclosed under Capital Work-in-progress

Depreciation on property, plant & equipment is provided on straight line method as per the useful life prescribed in Schedule II of the Companies Act 2013, except for imported plant & machinery for which the useful life has been taken based upon the technical evaluation by the expert committee on the useful life of the assets. In respect of assets added/adjusted during the year, depreciation is provided on pro-rata basis.

The residual values, useful lives and method of depreciation of property, plant & equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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Gains or losses arising from derecognition of a property, plant & equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Foreign currencies transactions and translation:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the dates of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting rate.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively.

Employee Benefits Expense:

Short Term Employment Benefits:

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

Post-Employment Benefits:

Defined Contribution Plans:

A defined contribution plan is a post-employment benefit plan under which the company pays specified contributions to the specific entity. The company makes specified monthly contributions towards Provident Fund and Pension Scheme. The company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans:

The gratuity liability amount is contributed to the gratuity fund approved by the respective IT authorities. The present value of the obligation is determined based on actuarial valuation using the Projected Unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

Impairment of non-financial assets - property, plant and equipment:

The company assesses at each reporting date as to whether there is any indication that any property, plant and equipment or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists, the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

Events after the reporting period

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size and of nature are only disclosed.

CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the company's financial statement requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Depreciation / amortisation and useful lives of property, plant and equipment and Livestock:

Property, plant and equipment / Livestock are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the company's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for the future periods is revised if there are significant changes from previous estimates.

Recoverability of trade receivable:

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

Provisions:

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

Impairment of non-financial assets:

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

Impairment of financial assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Global Health Pandemic on COVID-19:

The outbreak of corona virus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. Particularly, the Company's export operations and export revenue during the period were impacted due to COVID-19. The Company has taken into account the possible impact of COVID-19 in preparation of financial statements, including its assessment of recoverable value of its assets based on internal and external information upto the date of approval of these financial statements and current indicators of future economic conditions.

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Accounting for Government Grants and Disclosure of Government Assistance:

The Government Grants are accounted in line with IND AS 20 - "Accounting for Government Grants and Disclosure of Government Assistance".

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised - Nil.

The grant was received towards the acquisition of PPE (Property, Plant & equipments and accordingly treated as a capital grant and adjusted against the cost of The value of property, plant & equipments is disclosed net of government grants received from MOFPI (Ministry of Food Processing Industries) of Rs.4,88,72,000/- during 2018-19 to 2020-21.

APPROVAL OF FINANCIAL STATEMENTS:

The Financial Statements were approved for issue by the board of directors at their meeting held on 26.05.2021.

DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEE GIVEN COVERED UNDER SECTION 186(4) OF THE COMPANIES ACT 2013

i) Loans given - Nil

ii) Investments made

| Particulars | No of Shares | Face Value |
|---|--------------|--------------|
| SKM Universal Marketing Company India Private Limited - Associate Company | 7,89,700 | Rs.78,70,000 |

iii) Corporate Guarantees - Nil

Ind AS - 116 - Leases

Ind AS 116 provides detailed guidance on accounting for lease modification:

a) Lease modification is accounted for as a separate lease by lessee and lessor if the modification increases the scope of the lease by adding one or more right-of-use assets.

b) If it is not accounted for as a separate lease, lessee re-measures the lease liability by discounting the revised lease payments using revised discount rate.

Ind AS 116 is amended to provide that rent concessions occurring as a direct consequence of the covid-19 pandemic need not be treated as lease modification only if all of the following conditions are met:

a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

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b) any reduction in lease payments affects only payments originally due on or before the 30 June, 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before the 30th June, 2021 and increased lease payments that extend beyond the 30th June, 2021); and

c) there is no substantive change to other terms and conditions of the lease.

During the year, the company had not received or availed any lease concessions as a lessee and hence the amendment carried out in this standard had no significant impact on the company's financial statements and the disclosures pursuant to the same are not applicable to the company.

Ind AS - 12 - Income Taxes

During the year the company had received income tax refunds to the extent of Rs.2.58 crores including interest by rectifying the records for the AY 2016-2017 for availing the benefit of MAT credit entitlements of Assessment years 2008-2009 and 2009-2010 (consequent to winning in the appeals for the AY 2008-09 & 2009-10), under the provisions of section 115JAA of the Income Tax Act 1961.

Last year the company had informed that the carried forward losses under the Income Tax Act,1961 of the earlier assessment year A.Y.2013-14 amounting to Rs.3.59 crores have been reduced by the Assessing Officer while completing the assessment by making some adjustments to the returned Loss and that the Company has preferred appeals before the immediate superior authority which appeals are pending for disposal as on the date of the financial reports and since the adjustments have resulted only in the reduction of carry forward losses, there is no immediate demand raised and hence, conservatively the said losses have not been considered while filing return of income for the relevant assessment years and that the tax impact on account of the said issue would be approximately Rs.1.20 crores. The matter is still pending before the Commissioner of Income Tax Appeals - NFAC, New Delhi for disposal.

Ind AS - 103 - Business Combinations :

The amendments carried with respect to this Ind AS are inapplicable to the company.

The other amendments carried out by the MCA in the following accounting standards had no significant impact on the company's financial statements:

Ind AS 1 Presentation of Financial Statements

Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Ind AS 10 Events after the Reporting Period

Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets

Ind AS 107 Financial Instruments: Disclosures

Ind AS 109 Financial Instruments

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

2. CONTINGENT LIABILITIES & COMMITMENTS:

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|--|------------------|------------------|
| (a) Claims against the company / disputed liabilities not acknowledged as debts: | | |
| i) Income Tax Liability | - | - |
| ii) Service Tax Liability | 1,18,91,022 | 1,18,91,022 |
| iii) Excise Duty Liability | 5,58,575 | 5,58,575 |
| (b) Other money for which the Company is contingently liable: | | |
| i) Liability in respect of bills discounted with banks | 6,13,26,327 | 8,94,72,538 |

No provision has been made in respect of the above demand of Excise Duties and Service Tax, for which the company has filed appeals with various Higher Appellate Forums, against the orders of the Lower Authorities since the company is confident of coming out successful in the Appeals as per the advice taken from the legal experts.

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03. PROPERTY, PLANT & EQUIPMENT

(in ₹)

| S. No. | Particulars | Gross Block | | | Depreciaton | | | Net Block | |
|--------|---|-----------------------|--------------------------|---------------------------|-----------------------|---------------------|---------------------------|--|---------------------|
| | | 01.04.2020 | Addition during the year | Deduction during the year | 31.03.2021 | 01.04.2020 | Depreciation for the year | Deduction / Adjustment during the year | 31.03.2021 |
| (a) | Tangible Assets (Own assets) | | | | | | | | |
| | Land | 3,58,09,230 | 14,01,120 | - | 3,72,10,350 | - | - | - | 3,72,10,350 |
| | Building | 43,93,60,167 | 4,02,529 | - | 43,97,62,696 | 1,28,15,083 | - | 19,11,35,831 | 24,86,26,866 |
| | Plant & Machinery | 87,17,97,342 | 2,36,22,513 | - | 89,54,19,855 | 4,39,05,326 | - | 62,75,90,696 | 26,10,39,420 |
| | Electrical Installation and equipments | 7,41,64,485 | 11,11,185 | - | 7,52,75,670 | 4,09,647 | - | 7,03,94,537 | 28,81,11,973 |
| | Lab Equipment | 4,00,18,466 | 4,99,983 | - | 4,05,18,449 | 2,59,19,798 | - | 2,83,80,039 | 41,79,594 |
| | Office Equipment | 1,71,94,163 | 3,24,940 | - | 1,75,19,103 | 8,42,343 | - | 1,54,24,567 | 1,40,98,669 |
| | Computers | 3,18,98,318 | 23,70,611 | - | 3,42,68,929 | 35,16,536 | - | 2,47,71,265 | 26,11,939 |
| | Furniture & Fixtures | 1,17,11,417 | 25,436 | - | 1,17,36,853 | 75,78,387 | - | 81,82,701 | 1,06,43,589 |
| | Motor Vehicles | 5,77,81,809 | 39,22,263 | 1,54,47,574 | 4,62,56,498 | 3,18,01,331 | 1,01,19,909 | 2,59,67,421 | 41,33,029 |
| | SUB TOTAL (a) | 1,57,97,35,396 | 3,36,80,580 | 1,54,47,574 | 1,59,79,68,403 | 93,31,27,476 | 6,88,39,489 | 99,18,47,055 | 2,59,80,478 |
| (b) | Tangible Assets (Right to Use Assets) | | | | | | | | |
| | Plant & Machinery | - | 11,09,95,201 | - | 11,09,95,201 | 2,31,38,331 | - | 2,31,38,331 | 8,78,56,870 |
| | SUB TOTAL (b) | - | 11,09,95,201 | - | 11,09,95,201 | 2,31,38,331 | - | 2,31,38,331 | 8,78,56,870 |
| (c) | Capital Work-in-progress | | | | | | | | |
| | Plant & Machinery | 2,55,73,279 | 73,79,712 | 1,97,66,962 | 1,31,86,029 | - | - | - | 2,55,73,279 |
| | Others | 1,09,974 | 1,20,06,117 | 25,89,397 | 95,26,694 | - | - | - | 1,09,974 |
| | SUB TOTAL (c) | 2,56,83,253 | 1,93,85,829 | 2,23,56,359 | 2,27,12,723 | - | - | - | 2,56,83,253 |
| | Total (a+b+c) (Current Year) | 1,60,54,18,650 | 16,40,61,610 | 3,78,03,933 | 1,73,16,76,326 | 93,31,27,476 | 9,19,77,820 | 1,01,19,909 | 71,66,90,940 |
| | (Previous Year) | 1,53,75,56,516 | 15,01,70,625 | 8,23,08,491 | 1,60,54,18,650 | 86,41,89,176 | 6,95,35,506 | 5,97,206 | 67,22,91,174 |
| | | | | | | | | | 67,33,67,340 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|---------------------|---------------------|
| 04(a) INVESTMENTS | | |
| Investment measured at cost: | | |
| In equity shares of associate company: | | |
| SKM Universal Marketing Company India Private Limited of Rs.10 each | - | - |
| Number of Units | 7,89,700 | 7,89,700 |
| Value (Rs) | 1,18,45,572 | 1,18,45,572 |
| Intrinsic value of investment | 78,55,697 | 78,55,697 |
| Add: Goodwill | 39,89,875 | 39,89,875 |
| | 1,18,45,572 | 1,18,45,572 |
| Add: Share in Securities Premium | 9,36,532 | 9,36,532 |
| | 1,27,82,104 | 1,27,82,104 |
| Add: Share in Other Equity upto previous year | (1,18,70,610) | (48,99,110) |
| | 9,11,494 | 78,82,994 |
| Add: Share in Other Equity for the year | 37,51,623 | (69,71,500) |
| Value (Rs) | 46,63,117 | 9,11,494 |
| Aggregate amount of quoted investments | - | - |
| Aggregate amount of unquoted investments | 46,63,117 | 9,11,494 |
| Investment measured at cost | 46,63,117 | 9,11,494 |
| Total | 46,63,117 | 9,11,494 |
| 04(b) LOANS (UNSECURED AND CONSIDERED GOOD) | | |
| Deposits | 1,46,81,387 | 1,28,83,683 |
| Advances Recoverable | 1,12,62,013 | 84,69,578 |
| Total | 2,59,43,400 | 2,13,53,261 |
| 05. INVENTORIES | | |
| Raw Material, additives & packing materials | 11,99,46,520 | 7,22,85,366 |
| Finished Goods | 48,66,35,859 | 50,02,42,257 |
| Stock in Trade | 57,91,184 | - |
| Stores and spares & consumables | 3,54,41,752 | 3,27,87,124 |
| Livestock - Birds | 14,77,62,157 | 14,74,58,021 |
| Total | 79,55,77,472 | 75,27,72,767 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|---------------------|---------------------|
| 06(a) INVESTMENTENSTS | | |
| Investment measured at Fair value: | | |
| In mutual funds | | |
| SBI Short Term Debt Fund (Growth) | | |
| Number of Units | 61,15,464 | - |
| Value (Rs) | 15,30,22,361 | - |
| Aggregate amount of quoted investments | 15,30,22,361 | - |
| Aggregate amount of unquoted investments | - | - |
| Investment measured at Fair value through P & L | 15,30,22,361 | - |
| Total | 15,30,22,361 | - |
| 06(b) TRADE RECEIVABLES | | |
| (a) Trade Receivables considered good - Secured | - | - |
| (b) Trade Receivables considered good - Unsecured | 16,34,60,311 | 24,03,57,072 |
| (c) Trade Receivables which have significant increase in Credit Risk and | - | - |
| (d) Trade Receivables - credit impaired | - | - |
| Total | 16,34,60,311 | 24,03,57,072 |
| Trade receivables are netted with Bill discounting of Rs.6,13,26,327/- (Previous year Rs.8,94,72,538/-) | | |
| 06(c) CASH AND CASH EQUIVALENTS | | |
| Balances with banks | | |
| Current Accounts | 8,60,06,242 | 9,50,21,285 |
| Demand deposits | 1,98,93,518 | 11,88,52,912 |
| Cash on hand | 9,12,116 | 20,59,493 |
| Sub Total | 10,68,11,876 | 21,59,33,690 |
| 06(d) BANK BALANCES OTHER THAN ABOVE | | |
| Balances with banks - Unclaimed dividend | | |
| Current Accounts | 51,09,638 | 41,64,204 |
| Sub Total | 51,09,638 | 41,64,204 |
| Total | 11,19,21,514 | 22,00,97,894 |

The Company's cash and cash equivalents consist of cash on hand and in banks and demand deposits with banks, which can be withdrawn at any time, without prior notice and without penalty on the principal.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks and net of outstanding bank overdrafts that are repayable on demand and are considered part of the Company's cash management system. In the balance sheet, bank overdrafts are presented under borrowings within current liabilities.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|-----------------------|-----------------------|
| Cash and Cash equivalents consists of the following for the purpose of cash flow statement: | | |
| Cash and Cash equivalents | 11,19,21,514 | 22,00,97,894 |
| Bank Overdrafts | (53,17,04,484) | (62,85,55,610) |
| Total | (41,97,82,970) | (40,84,57,716) |
| 06(e) LOANS (UNSECURED AND CONSIDERED GOOD) - CURRENT | | |
| (a) Loan Receivables considered good - Secured | - | - |
| (b) Loan Receivables considered good - Unsecured | | |
| (i) Staff Advances | 6,77,522 | 4,55,074 |
| (ii) Trade Advances | 7,87,35,187 | 2,99,14,134 |
| (iii) Prepaid Expenses | 59,19,756 | 1,23,78,103 |
| (iv) VAT receivable | 15,27,781 | 69,87,526 |
| (c) Loan Receivables which have significant increase in Credit Risk and | - | - |
| (d) Loan Receivables - credit impaired | - | - |
| Total | 8,68,60,246 | 4,97,34,838 |
| 06(f) OTHER FINANCIAL ASSETS - CURRENT | | |
| Subsidies receivable & Income accrued on deposits | - | 2,50,00,000 |
| Total | - | 2,50,00,000 |
| 07. OTHER CURRENT ASSETS | | |
| Tax refund receivables | 3,78,58,074 | 5,26,39,510 |
| Others | - | 46,26,506 |
| Total | 3,78,58,074 | 5,72,66,016 |
| 08(a) EQUITY SHARE CAPITAL | | |
| Authorised Capital: | | |
| 3,00,00,000 Equity Shares of Rs. 10/- Each | 30,00,00,000 | 30,00,00,000 |
| Issued, Subscribed & Paid-up: | | |
| 263,30,000 Equity Shares of Rs.10/- each fully paid-up | 26,33,00,000 | 26,33,00,000 |
| Total | 26,33,00,000 | 26,33,00,000 |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|------------------|------------------|
| Reconciliation of the number of shares outstanding is set out below: | | |
| Equity Shares: | | |
| At the beginning of the year | 2,63,30,000 | 2,63,30,000 |
| Changes during the year | - | - |
| At the end of the year | 2,63,30,000 | 2,63,30,000 |

Terms, Rights, preferences and restrictions:

- (i) The company has one class of equity shares having par value of Rs. 10 each. Each share holder is eligible for one vote per share held and carry a right to dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- (ii) There are no restrictions attached to equity shares

| | | |
|---|--------------|--------------|
| Details of shareholders holding more than 5% shares: | | |
| Name of the Share Holders | | |
| SKM SHREE SHIVKUMAR | | |
| Face value of the Equity Shares | 12,49,94,720 | 12,37,14,720 |
| No of Equity Shares Held as on Balance sheet dt. | 1,24,99,472 | 1,23,71,472 |
| % of Holdings | 47.47% | 46.99% |
| TAMILNADU INDUSTRIAL DEVELOPMENTCORP.LTD | | |
| Face value of the Equity Shares | 1,99,58,000 | 1,99,58,000 |
| No of Equity Shares Held as on Balance sheet dt. | 19,95,800 | 19,95,800 |
| % of Holdings | 7.58% | 7.58% |
| Total No of Equity Shares | 26330000 | 26330000 |
| Face value of Equity shares | 10 | 10 |
| 08(b) OTHER EQUITY | | |
| Securities Premium Account : | | |
| Opening Balance | 13,37,224 | 13,37,224 |
| Add : Collected during the year | - | - |
| Add: Share in Securities Premium of associate | - | - |
| less: Written back | - | - |
| Closing Balance | 13,37,224 | 13,37,224 |
| General Reserve: | | |
| Opening Balance (Revenue Reserve) | 4,32,812 | 4,32,812 |
| Add : Current year transfer | - | - |
| less: Written back | - | - |
| Closing Balance | 4,32,812 | 4,32,812 |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|--|---------------------|---------------------|
| Profit & Loss Account: | | |
| Opening Balance | 73,25,84,489 | 70,15,01,466 |
| Add: Current Year Balance after appropriation | 16,31,11,727 | 4,69,43,513 |
| Less: Dividend Paid | 1,31,65,000 | 1,31,65,000 |
| Less: Dividend Distribution Tax | - | 26,95,490 |
| Closing Balance | 88,25,31,216 | 73,25,84,489 |
| Other Comprehensive Income: | | |
| Opening balance | (16,59,280) | 1,94,033 |
| Movement in OCI during the year | 1,79,780 | (18,53,313) |
| Closing balance | (14,79,500) | (16,59,280) |
| Total | 88,28,21,752 | 73,26,95,245 |
| Securities Premium: | | |
| This consists of premium realised on issue of shares and will be applied/ utilised in accordance with the provisions of the Companies Act, 2013. | | |
| General Reserve: | | |
| General Reserve is an accumulation of retained earnings of the Company, apart from the balance in the statement of profit and loss which can be utilised for meeting future obligations. | | |
| 09. (a) BORROWINGS - NON CURRENT | | |
| Secured - At amortised cost | | |
| Term Loan | | |
| From Banks | 2,57,68,727 | 3,57,24,095 |
| Nature of loan - Rupee Term Loan | | |
| Maturity date - June 2023 | | |
| Terms of repayment - 20 equal quarterly instalments | | |
| Securities offered - Refer note * | | |
| Interest rate - 8.15% p.a. | | |
| Less: Current maturities of long term debt - included in note 12(c) | (1,10,36,899) | (98,52,250) |
| UnSecured | | |
| Loan and Advances from Related Parties | | |
| i) BK Holding BV | - | 1,67,93,690 |
| Total | 1,47,31,828 | 4,26,65,536 |
| Note : * Term loan is secured against the first charge against Plant & Machineries to the tune of Rs.12.73 crores and personal guarantee of the Managing Director. | | |
| 09 (b) Other Financial Liabilities - Non current | | |
| Lease Liabilities recognized on Lease Farms | 7,13,83,126 | - |
| Total | 7,13,83,126 | - |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|--------------------|--------------------|
| 10. PROVISIONS - NON CURRENT | | |
| Provision for Employee Benefits | | |
| a) Earned Leave Encashment Payable | 44,69,030 | 43,16,152 |
| b) Net Gratuity obligation | (1,40,160) | 15,53,108 |
| Total | 43,28,870 | 58,69,260 |
| 11. Deferred Tax Liability(Net) | | |
| At the start of the year | 6,56,55,731 | 6,57,76,658 |
| Charge / (credit) to Statement of Profit & Loss | (1,14,14,897) | (7,93,578) |
| Charge / (credit) to Other Comprehensive Income | 57,455 | (2,11,396) |
| Deferred Tax effect relating to previous year | - | 8,84,047 |
| At the end of the year | 5,42,98,289 | 6,56,55,731 |
| Deferred Tax (Assets) / Liabilities in relation to: | | |
| Property, plant and equipment | 5,53,87,779 | 6,64,04,512 |
| Provisions | (11,46,945) | (14,21,432) |
| Actuarial Losses / Gains | 57,455 | (2,11,396) |
| Deferred Tax effect relating to previous year | - | 8,84,047 |
| Total | 5,42,98,289 | 6,56,55,731 |
| 12. MINORITY INTEREST | | |
| Share Capital | 1,46,961 | 1,46,961 |
| Retained Earnings: | | |
| Opening Balance | 60,21,588 | 58,64,265 |
| Current year Profit/Loss transfer | 4,36,335 | 1,57,323 |
| Closing Balance | 64,57,923 | 60,21,588 |
| Other Comprehensive Income: | | |
| Opening balance | (15,78,051) | (13,47,785) |
| Movement in OCI during the year | (10,365) | (2,30,265) |
| Closing balance | (15,88,415) | (15,78,051) |
| Total | 50,16,468 | 45,90,498 |
| 13(a) BORROWINGS - CURRENT | | |
| Secured - At amortised cost | | |
| Working Capital Loans | | |
| From Banks | | |
| Foreign Currency Loans | 52,59,65,088 | 61,60,50,541 |
| Nature of loan - Packing Credit (Foreign Currency) | | |
| Terms of repayment - On demand | | |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|---------------------|---------------------|
| Interest rate - 2.57% p.a. (LIBOR 0.57% + Spread 2%) Rabo Bank CC A/c. (Foreign Currency Loans) Nature of loan - Cash Credit (Foreign Currency) Terms of repayment - On demand Interest rate - 5.50% p.a | 57,39,396 | 1,25,05,069 |
| Total | 53,17,04,484 | 62,85,55,610 |
| Working Capital from banks are primarily secured by Hypothecation of stocks of Raw materials, Work-in-progress, finished goods and stores and spares, book debts, receivables, material in transit, etc. Borrowings are secured by second charge on the entire fixed assets of the company and personal guarantees of Executive Chairman and Managing director. | | |
| 13(b) TRADE PAYABLES | | |
| Trade Creditors * | | |
| Due to MSME (A) | 4,11,600 | 7,69,163 |
| Due to others (B) | 17,24,36,312 | 25,11,54,135 |
| Creditors For Expenses & Others | | |
| Due to MSME (A) | - | - |
| Due to others (B) | 41,76,414 | 34,11,051 |
| Total | 17,70,24,326 | 25,53,34,349 |
| Details relating to micro, small and medium enterprises: | | |
| (a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year; | 4,11,600 | 7,69,163 |
| (b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year; | Nil | Nil |
| (c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | Nil | Nil |
| (d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and | Nil | Nil |
| (e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | Nil | Nil |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|--------------------|--------------------|
| 13(c) OTHER FINANCIAL LIABILITIES - CURRENT | | |
| Current Maturities of Long Term Debt | | |
| (i) From Banks | | |
| Machinery Term Loan - HDFC | 1,10,36,899 | 98,52,250 |
| Lease liabilities - current | 2,07,12,558 | - |
| Unclaimed Dividends | 51,09,637 | 41,64,204 |
| Total | 3,68,59,094 | 1,40,16,454 |
| The amount outstanding in respect of unclaimed dividend represents amounts due and outstanding to Investor Education and Protection Fund to the extent of Rs.Nil (Previous year Nil). | | |
| 14. OTHER CURRENT LIABILITIES | | |
| Advances from customers | 38,94,912 | 17,79,948 |
| Statutory Dues | 2,90,16,999 | 1,60,34,649 |
| Other payables | 21,750 | 18,000 |
| Total | 3,29,33,661 | 1,78,32,597 |
| 15. PROVISIONS | | |
| Provisions for Employee Benefits | | |
| Bonus Payable | 65,89,294 | 74,94,000 |
| Other Provisions | 1,50,06,243 | 17,75,237 |
| Total | 2,15,95,537 | 92,69,237 |

16. FINANCIAL INSTRUMENTS:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss ('FVTPL')) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

Trade receivables are initially recognised when they are originated. Trade payables are in respect of the amount due on account of goods purchased or services availed in the normal course of business. They are recognised at their transaction and services availed value if the transaction do not contain significant financing component.

a) Financial Assets

(i) Recognition and initial measurement

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through Statement of Profit or Loss ('FVTPL')) are added to the fair value of the financial assets, on initial recognition. Transaction cost directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in Statement of Profit and Loss.

(ii) Subsequent measurement

Debt instruments at amortised cost:

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI:

A 'debt instrument' is classified as FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

Debt instrument at FVTPL:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as

amortized cost or as FVTOCI, is classified as FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as FVTPL. However, such election is chosen only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

(iii) De-recognition of financial assets

A financial asset is de-recognised only when;

- a. The entity has transferred the rights to receive cash flows from the financial asset or
- b. The entity retains the contractual rights to receive the cash flows of the financial asset, but expects a contractual obligation to pay the cash flows to one or more recipients.

Where entity has transferred an asset, it examines and assesses whether it has transferred substantially all risk and rewards of ownership of financial asset. In such cases, financial asset is de-recognised. Where entity has not transferred substantially all risks and rewards of ownership of financial asset, such financial asset is not de-recognised.

Where the entity has neither transferred a financial asset nor retains substantially all risk and rewards of ownership of the financial asset, the financial asset is de-recognised, if the Group has not retained control of the financial asset. Where the entity retains control of the financial asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(iv) Investments in Equity Instruments in Subsidiary and Associates:

The Company has elected to carry investment in Equity Instruments in Subsidiary and Associates at cost in accordance with Paragraphs 10 of 'Ind AS 27 – Separate Financial Statements'.

b) Financial liabilities and equity instruments

(i) Initial recognition and measurement

All financial liabilities are recognized initially at fair value plus transaction cost (if any) that is attributable to the acquisition of the financial liabilities which is also adjusted.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are de-recognised through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Trade and other payables:

These amounts represent liabilities for goods or services provided to the Company which are unpaid at the end of the reporting period. Trade and other payables are presented as current liabilities when the payment is due within a period of 12 months from the end of the reporting period. For all trade and other payables classified as current, the carrying amounts approximate fair value due to the short maturity of these instruments. Other payables falling due after 12 months from the end of the reporting period are presented as non-current liabilities and are measured at amortised cost unless designated at fair value through profit and loss at the inception.

Other financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading or designated as at FVTPL are recognized in the profit or loss.

(iii) Derecognition of financial liabilities:

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or Modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

c) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

d) Impairment of Financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses, if the credit risk on the financial asset has increased significantly since initial recognition.

e) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability which are accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Valuation:

The financial instruments are initially recognized and subsequently re-measured at fair value as described below :

- (a) The fair value of Forward Foreign Exchange contracts is determined using forward exchange rates and yield curves at the balance sheet date.
- (b) The fair value of the remaining financial instruments is determined using discounted cash flow analysis.
- (c) All foreign currency denominated assets and liabilities usiexchange rate at the reporting date.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Fair Value measurement hierarchy:

The fair value of cash and cash equivalents, other bank balances, loans, trade receivables, trade payables and others approximates their carrying amount. The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques. The fair valuation of various financial assets are done by adopting Level 3 category valuation.

Level 1 :

Quoted prices (unadjusted) in active markets for identical assets and liabilities.

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|--|------------------|------------------|
| Financial Assets | | |
| At fair value through P & L | | |
| (I) Investments - Current | 15,30,22,361 | - |

Level 2 :

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (derived from prices)

Level 3 :

Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|------------------|------------------|
| Financial Assets | | |
| At amortised cost | | |
| (i) Trade receivables | 16,34,60,311 | 24,03,57,072 |
| (ii) Cash and cash equivalents | 10,68,11,876 | 21,59,33,690 |
| (iii) Bank balances other than (ii) above | 51,09,638 | 41,64,204 |
| (iv) Loans | 11,28,03,646 | 7,10,88,099 |
| (vi) Other Financial Assets | - | 2,50,00,000 |
| Financial Liabilities | | |
| At amortised cost | | |
| (i) Borrowings | 54,64,36,312 | 67,12,21,145 |
| (ii) Lease liabilities | 7,13,83,126 | - |
| (iii) Trade Payables | 17,70,24,326 | 25,53,34,349 |
| (iv) Other Financial Liabilities | 3,68,59,094 | 1,40,16,454 |

f) Derivative financial instruments

Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness. These arrangements have been entered into to mitigate currency exchange risk arising on account of repayment of foreign currency term loan and interest thereon.

17. CAPITAL MANAGEMENT - ADDITIONAL CAPITAL DISCLOSURES:

The Company adheres to the Capital Management framework which is underpinned by the following guiding principles:

- The key objective is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business.
- Leverage optimally in order to maximize shareholder returns while maintaining strength and flexibility of the Balance Sheet.
- The Company also focusses on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.
- Proactively manage exposure in forex, interest and commodities to mitigate risk to earnings.
- The Company's goal is to continue to be able to return excess liquidity to shareholders to distribute annual dividends in future years.

This framework is adjusted based on underlying macro-economic factors affecting business environment, financial market conditions and interest rates environment.

The capital structure of the company is as follows:

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|--|-----------------------|-----------------------|
| Total Equity (A) | 1,14,61,21,752 | 99,59,95,245 |
| % Change 2020 - 21 | 15.07% | |
| Current Loans and borrowings | 54,27,41,383 | 63,84,07,860 |
| Non-current loans and borrowings | 1,47,31,828 | 4,26,65,536 |
| Total loans and borrowings (B) | 55,74,73,211 | 68,10,73,395 |
| % Change 2020 - 21 | -18.15% | |
| Loans & borrowings as a percentage of total equity | 48.64% | 68.38% |
| Total Capital (A) + (B) | 1,70,35,94,963 | 1,67,70,68,640 |
| % Change 2020 - 21 | 1.58% | |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|-----------------------|-----------------------|
| 18. REVENUE FROM OPERATIONS | | |
| Sale of Products : | | |
| Sale of Egg Powder & Egg Liquid - Export | 1,82,85,12,522 | 2,41,48,42,741 |
| Sale of Egg Powder & Egg Liquid - Domestic | 17,07,31,302 | 9,87,32,970 |
| Sale of Eggs & Poultry Feed | 65,77,38,826 | 44,79,75,570 |
| Sale of Poultry Feed Ingredients | - | 10,43,68,833 |
| Sale of Culling Birds, Litter & Egg Shell (Waste) | 2,94,87,202 | 5,98,57,751 |
| Sale of Declared Goods | 41,06,160 | 43,32,748 |
| Lab Analysis Charges Received | 4,80,095 | - |
| Total | 2,69,10,56,106 | 3,13,01,10,612 |
| 19. OTHER INCOME | | |
| Interest Income | 83,75,140 | 1,36,16,246 |
| Subsidies | 8,17,28,610 | 14,24,46,494 |
| Exchange Fluctuation gain / (loss) - Net | 3,89,96,787 | 5,17,45,161 |
| Profit/(Loss) on sale of Assets | (31,15,988) | 65,534 |
| Profit/(Loss) on sale of Investments | 11,62,509 | - |
| Unrealized gain or loss on investments | 18,70,998 | - |
| Miscellaneous Income | 3,70,142 | 4,77,029 |
| Reversal of bad debts previously written off | 1,51,060 | - |
| Total | 12,95,39,258 | 20,83,50,464 |
| 20. COST OF MATERIALS CONSUMED | | |
| Raw materials, additives, consumables, vaccines & medicines consumed: | | |
| Opening Stock | 6,34,81,633 | 6,04,85,391 |
| Add: Purchased during the year | 1,66,54,96,086 | 2,11,54,79,933 |
| Less: Closing Stock | (11,05,33,594) | (6,34,81,633) |
| Raw materials consumed: (a) | 1,61,84,44,124 | 2,11,24,83,692 |
| Packing materials consumed: | | |
| Opening Stock | 88,03,734 | 74,22,025 |
| Add: Purchased during the year | 2,80,28,726 | 4,55,47,371 |
| Less: Closing Stock | (94,12,926) | (88,03,734) |
| Packing materials consumed (b) | 2,74,19,534 | 4,41,65,662 |
| Total (a + b) | 1,64,58,63,659 | 2,15,66,49,354 |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|---------------------|-----------------------|
| 21. PURCHASES OF STOCK-IN-TRADE | | |
| Purchase of Egg Powder, Feed Ingredients & Plastic Pallets | 22,16,32,882 | 46,29,39,592 |
| Total | 22,16,32,882 | 46,29,39,592 |
| The above amount of purchases is inclusive of duties & taxes for which credit is not admissible | | |
| 22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE | | |
| Opening Stock - Finished goods | 48,41,07,073 | 31,63,50,549 |
| Closing Stock - Finished goods | (48,19,45,808) | (48,41,07,073) |
| (Increase)/Decrease in Stock | 21,61,265 | (16,77,56,524) |
| 23. EMPLOYEE BENEFIT EXPENSES | | |
| Salaries & Wages | 14,07,52,093 | 14,02,86,083 |
| Contribution to Provident & Other funds | 56,06,264 | 67,35,636 |
| Provision for Gratuity | 11,67,859 | 9,17,084 |
| Provision for Earned Leave | 21,84,861 | 21,57,896 |
| Staff Welfare Expenses | 55,88,107 | 1,23,04,403 |
| Total | 15,52,99,184 | 16,24,01,102 |

Defined Contribution Plan:

| | | |
|---|-----------|-----------|
| Employer's contribution to Provident Fund | 29,40,653 | 35,46,419 |
| Employer's contribution to Pension Scheme | 31,85,935 | 36,90,511 |

The above Employer's contribution to defined contribution plans are net of government contribution of Rs.1,56,864/- under PMRPY & PMPRPY Scheme for the year 2020-21 (Rs.5,03,439/- for the year 2019-20).

Defined Benefit Plan:

a. Reconciliation of Opening and Closing Balances of Defined Benefit Obligations:

| Particulars | Gratuity (Funded) | |
|--|-------------------|------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| Present Value of obligation at the beginning of the year | 1,13,56,401 | 99,02,130 |
| Current Service Cost | 11,37,467 | 9,05,129 |
| Interest Cost | 8,23,339 | 7,42,660 |
| Actuarial (gain) / loss | (2,28,286) | 7,59,872 |
| Benefits paid | (12,66,192) | (9,53,390) |
| Present Value of obligation at year end | 1,18,22,729 | 1,13,56,401 |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

b. Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets:

| Particulars | Gratuity (Funded) | |
|---|-------------------|------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| Fair Value of plan assets as at beginning of the year | 98,03,293 | 81,61,156 |
| Expected return on plan assets | 7,92,947 | 7,30,705 |
| Contribution made | 26,32,842 | 18,64,821 |
| Benefits Paid | (12,66,192) | (9,53,390) |
| Actuarial gain / (loss) on the plan assets | - | - |
| Fair Value of plan assets as at year end | 1,19,62,889 | 98,03,293 |

c. Reconciliation of Fair Value of Assets and Obligations

| Particulars | Gratuity (Funded) | |
|---|-------------------|------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| Present value of the obligation | 1,18,22,729 | 1,13,56,401 |
| Fair Value of plan assets | 1,19,62,889 | 98,03,293 |
| Funded Status (Surplus / (Deficit)) | 1,40,160 | (15,53,108) |
| Net asset / (liability) recognized in the balance sheet | 1,40,160 | (15,53,108) |

d. Expenses recognized during the year

| Particulars | Gratuity (Funded) | |
|--------------------------------|-------------------|------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| Current Service Cost | 11,37,467 | 9,05,129 |
| Interest Cost | 8,23,339 | 7,42,660 |
| Expected return on plan assets | (7,92,947) | (7,30,705) |
| Actuarial (gain) / loss | (2,28,286) | 7,59,872 |
| Net Cost | 9,39,573 | 16,76,956 |

e. Actual return on the plan assets:

| Particulars | Gratuity (Funded) | |
|--------------------------------------|-------------------|------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| Expected return on plan assets | 7,92,947 | 7,30,705 |
| Actuarial gain / loss on plan assets | - | - |
| Actual return on plan assets | 7,92,947 | 7,30,705 |

f. Actuarial Assumptions:

| Particulars | Gratuity (Funded) | |
|--|-------------------|------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| Discount rate (Per annum) | 7.00% | 7.25% |
| Expected rate of return on Plan Assets (Per annum) | 7.00% | 7.25% |
| Rate of escalation in salary (Per annum) | 6.50% | 6.50% |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

The data required for disclosing information with regard to sensitivity analysis is not made available by the Actuary despite the concerted attempts made by the company to gather the information in this regard and hence the information relating to sensitivity analysis in terms of the amount of responsiveness and the financial impact consequent to change in discount rate, change in rate of salary escalation and change in rate of employee turnover (while holding all the other factors constant), have not been provided for during the year.

These plans typically expose the company to actuarial risks such as:

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk:

A decrease in the bond interest rate will increase the plan liability, however, this will be partially offset by an increase in the return on the plan debt investments.

Longevity risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

DISCLOSURE ON ACCOUNTING FOR REVENUE FROM CUSTOMERS IN ACCORDANCE WITH Ind AS 115: (in ₹)

| Particulars | 2020 - 21 | 2019 - 20 |
|---|----------------|----------------|
| A. Disaggregated revenue information | | |
| a. On the basis of type of goods and service: | | |
| Sale of manufactured products | 2,37,63,38,712 | 2,40,07,99,840 |
| Sale of products | 28,06,43,938 | 66,51,20,273 |
| Sale of by-products & declared goods scrap | 3,35,93,361 | 6,41,90,498 |
| Service Income received | 4,80,095 | - |
| Total Operating Revenue | 2,69,10,56,106 | 3,13,01,10,612 |
| b. On the basis of geographical region: | | |
| In India | 86,25,43,584 | 71,52,67,871 |
| Outside India | 1,82,85,12,522 | 2,41,48,42,741 |
| Total Operating Revenue | 2,69,10,56,106 | 3,13,01,10,612 |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021 (in ₹)

| Particulars | 2020 - 21 | 2019 - 20 |
|--|---------------------|---------------------|
| c. On the basis of timing of revenue recognition: | | |
| At a point of time | 2,69,10,56,106 | 3,13,01,10,612 |
| Over a period of time | - | - |
| Total Operating Revenue | 2,69,10,56,106 | 3,13,01,10,612 |
| B. Contract Liabilities: | | |
| a. Contract Balances: | | |
| Contract Liabilities | 38,94,912 | 17,79,948 |
| b. Revenue recognised during the year in relation to contract liabilities: | | |
| Revenue recognised | 17,79,948 | 1,50,153 |
| c. Reconciliation of revenue recognised in the statement of profit and loss with the contracted price: | | |
| Revenue at contracted prices | 2,69,10,56,106 | 3,13,01,10,612 |
| Revenue from contract with customers | 2,69,10,56,106 | 3,13,01,10,612 |
| Difference | - | - |
| d. Unsatisfied or partially satisfied performance obligation: | | |
| Unsatisfied or partially satisfied performance obligation | Nil | Nil |
| 24. FINANCIAL COSTS | | |
| Interest Expenses | 2,16,25,340 | 2,42,58,980 |
| Other borrowing costs - bank charges & bill discount | 87,92,987 | 98,83,620 |
| Exchange Fluctuation - Net | - | 2,70,74,495 |
| Interest recognized on Lease farm Assets | 81,76,159 | - |
| Total | 3,85,94,486 | 6,12,17,096 |
| 25. DEPRECIATION & AMORTISATION | | |
| Depreciation on Property, plant & equipment - Own assets | 6,88,39,489 | 6,95,35,506 |
| Depreciation on Property, plant & equipment - Leased assets | 2,31,38,331 | - |
| Amortisation of livestock - Birds | 11,48,69,114 | 7,20,38,422 |
| Total | 20,68,46,934 | 14,15,73,928 |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021 (in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|---------------------|---------------------|
| 26. OTHER EXPENSES | | |
| Power & Fuel | 9,60,96,323 | 11,88,78,401 |
| Stores & Spares Consumption | 2,80,27,410 | 3,97,90,494 |
| Repairs and Maintenance: | | |
| a) Building | 9,53,967 | 59,41,999 |
| b) Plant & Machinery | 37,35,761 | 67,87,789 |
| c) Vehicle - Fuel & Maintenance | 2,04,17,363 | 1,90,89,740 |
| d) Computer & Software Maintenance | 26,47,469 | 34,21,477 |
| e) Other Maintenance | 72,32,021 | 84,69,719 |
| Import Clearing & Procurement expenses | 5,67,10,488 | 6,13,91,754 |
| Analysing Charges | 7,09,593 | 5,29,169 |
| Rates and Taxes, Registration and Renewal | 26,60,880 | 36,78,148 |
| Rent Expenses | 25,47,996 | 1,27,61,927 |
| Postage, Courier, Telephone & Internet Charges | 14,27,550 | 16,84,017 |
| Printing & Stationery | 5,76,450 | 6,09,974 |
| Insurance Premium | 23,16,247 | 11,12,913 |
| Advertisement and Publicity | 3,44,452 | 56,58,189 |
| Travelling Expenses | 26,76,965 | 66,17,493 |
| Foregin Travelling expenses | 3,89,599 | 22,58,811 |
| Professional Charges | 37,51,290 | 66,25,978 |
| Subscription | 11,95,206 | 14,83,292 |
| Miscellaneous Expenses | 5,99,672 | 7,62,417 |
| Audit Fees | 11,50,946 | 9,96,469 |
| Corporate Social Responsibility (CSR) Expenses | 30,50,000 | 20,34,067 |
| Donation | 30,65,075 | 1,23,670 |
| Stock Exchange Listing Fee & Secretarial Expenses | 16,26,744 | 26,24,364 |
| Sales Commission | 1,51,48,259 | 3,52,86,386 |
| Selling Expenses | 1,99,06,547 | 1,81,48,393 |
| Freight and Forwarding Charges | 6,78,98,036 | 7,21,02,479 |
| Total | 34,68,62,307 | 43,88,69,529 |

26(i) Payment to Auditors as:

Excluding Taxes

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|------------------|------------------|
| (a) Auditor | | |
| Statutory Audit Fees | 3,00,000 | 3,00,000 |
| Tax Audit Fees | 4,00,000 | 4,00,000 |
| (b) Certification Services - Included in Professional charges | 84,000 | 5,000 |
| (c) For Appeal Representation and Others - Included in Prof charges | - | 67,000 |
| (d) Reimbursement of expenses | - | - |
| Total | 7,84,000 | 7,72,000 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

(in ₹)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|----------------------|--------------------|
| 26(ii) Corporate Social Responsibility (CSR): | | |
| (a) Gross amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the Company during the year is Rs. 13.09 lakhs (Previous year Rs. 7.95 lakhs) | | |
| (b) Details of amount spent towards CSR is given below: | | |
| Particulars | As at 31.03.2021 | As at 31.03.2020 |
| (i) Construction / acquisition of any asset | - | - |
| (ii) On purposes other than (i) above | 30,50,000 | 20,34,067 |
| Total | 30,50,000 | 20,34,067 |
| (c) Out of the above expenditure, Rs. 24,00,000/- is spent through implementing agency - SKM Health and Mind Welfare Charitable Trust | | |
| 27 (i) CURRENT TAX | | |
| Income Tax - Normal Provisions | 5,73,59,627 | 2,44,57,454 |
| Income Tax - Relating to preceding years | (24,74,205) | 48,30,786 |
| Total | 5,48,85,422 | 2,92,88,240 |
| 27 (ii) DEFERRED TAX | | |
| On account of variation of allowances for tax purpose in : | | |
| Depreciation (DTA)/DTL | (1,19,00,780) | (6,88,401) |
| Provision for gratuity & earned leave - DTL / (DTA) | 2,74,487 | (1,05,177) |
| Actuarial Gains / Losses - DTL / (DTA) | 2,11,396 | - |
| Total | (1,14,14,897) | (7,93,578) |
| 28. EARNINGS PER SHARE | | |
| (i) Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs) | 16,31,11,727 | 4,69,43,513 |
| (ii) Weighted Average number of Equity Shares used as denominator for calculating Basic EPS (Nos) | 2,63,30,000 | 2,63,30,000 |
| (iii) Weighted Average number Potential Equity Shares (Nos) | - | - |
| (iv) Total Weighted Average number of Equity Shares used as denominator for calculating Diluted EPS (Nos) | 2,63,30,000 | 2,63,30,000 |
| (v) Basic Earnings per Share (Rs) (i) / (ii) | 6.19 | 1.78 |
| (vi) Diluted Earnings per Share (Rs) (i) / (iv) | 6.19 | 1.78 |
| (vii) Face Value per Equity Share (Rs) | 10 | 10 |

Since the company does not have any Potential Equity Shares, the denominator used for calculating Basic EPS and Diluted EPS are the same and consequently Basic EPS and Diluted EPS are

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2021

29 INCOME TAXES:

The reconciliation between the provision of income tax and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

(in ₹)

| Particulars | 2020 - 21 | 2019 - 20 |
|---|---------------|-------------|
| Profit / (Loss) before tax | 20,04,25,745 | 8,15,18,180 |
| Applicable Tax Rate | 25.17% | 27.82% |
| Computed Tax expense | 5,04,43,152 | 2,26,78,358 |
| Income Tax effect of : | | |
| Expenses related to exempt Income | 49,480 | 47,937 |
| Expenses disallowed for tax purposes | 69,32,191 | 18,50,792 |
| Allowances for tax purposes | (11,06,385) | (3,01,170) |
| Income exempt from tax | (1,30,819) | (1,12,933) |
| Income taxed at higher / (lower) rates | - | - |
| Others | 11,72,009 | 2,94,470 |
| Current tax provision (A) | 5,73,59,628 | 2,44,57,454 |
| Income Tax / (Reversal) - Relating to preceding years (B) | (24,74,205) | 48,30,786 |
| Incremental / (Decremental) Deferred Tax Liability on account of Tangible Assets | (1,19,00,780) | (8,98,754) |
| Incremental / (Decremental) Deferred Tax Liability on account of Financial & Other Assets / Liabilities | - | - |
| (Incremental) / Decremental Deferred Tax Asset on account of Other Assets | 4,85,883 | 1,05,177 |
| Deferred tax provision (C) | (1,14,14,897) | (7,93,578) |
| Tax Expenses recognised in Statement of Profit & Loss | 4,34,70,525 | 2,84,94,662 |
| Effective Tax Rate | 21.69% | 34.95% |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH ' 2021

SEGMENT INFORMATION:

The Company's operating segments are established on the basis of those components that are evaluated regularly by the Executive Committee (the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

The Company has two principal operating and reporting segments as follows:

- 1.) Manufacturing and selling of eggs, egg based products & other ancilliary products and (shortly referred as Manufacturing)
- 2.) Trading of feed ingredients. (shortly referred as Trading)

The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for segment reporting.

- a) Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- b) Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

i) Primary Segment Information:

The company had taken certain poultry farms and feed mills on lease and had started operating the said leased poultry farms and feedmills from this year. Accordingly, the eggs and feeds which were purchased and sold was hitherto a trading activity. Now the company uses the leased poultry farms and manufactures eggs and either sells it outside or uses the eggs as raw material for its own production. Also using the leased feedmills, the feeds are manufactured and it is either sold outside or used as raw material (food) for the birds in the poultry farm. Hence, during this year, there is no trading activity and the activity of feed manufacture and production of poultry eggs is an ancilliary and supplemental activity and also a backward integration to the company's manufacture of various egg products. The company is engaged in the manufacture of products and the subsidiary company is engaged in the trading of products manufactured and exported to subsidiary company by the holding company and also the subsidiary company purchases goods from outsiders and trades in such goods also. Accordingly, only in the consolidated financial statements, there are reportable segments to be given under the primary segment information, as the company is engaged in manufacturing and the subsidiary is engaged in trading.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

(in ₹)

| Particulars | Manufacturing | | Trading | | Unallocable | | Total | |
|--|-----------------------|-----------------------|---------------------|---------------------|---------------|---------------|-----------------------|-----------------------|
| | 2020 - 21 | 2019 - 20 | 2020 - 21 | 2019 - 20 | 2020 - 21 | 2019 - 20 | 2020 - 21 | 2019 - 20 |
| 1 Segment Revenue | | | | | | | | |
| External Turnover | 2,41,04,12,168 | 2,46,49,90,339 | 28,06,43,938 | 66,51,20,273 | - | - | 2,69,10,56,106 | 3,13,01,10,612 |
| Inter Segment Turnover | - | - | - | - | - | - | - | - |
| Revenue from operations (net of GST) | 2,41,04,12,168 | 2,46,49,90,339 | 28,06,43,938 | 66,51,20,273 | - | - | 2,69,10,56,106 | 3,13,01,10,612 |
| 2 Segment Result | | | | | | | | |
| Segment Result before Interest & Taxes | 23,32,67,946 | 12,06,10,096 | 39,69,987 | 25,86,253 | - | - | 23,72,37,933 | 12,31,96,349 |
| Less: Finance costs | - | - | (10,61,086) | (15,37,434) | (3,75,33,400) | (5,96,79,662) | (3,85,94,486) | (6,12,17,096) |
| Add: Interest Income | - | - | - | - | 83,75,140 | 1,36,16,246 | 83,75,140 | 1,36,16,246 |
| Profit Before Tax | 23,32,67,946 | 12,06,10,096 | 29,08,901 | 10,48,819 | (2,91,58,260) | (4,60,63,416) | 20,70,18,587 | 7,55,95,499 |
| Less: Current Tax | - | - | - | - | (5,48,85,422) | (2,92,88,240) | (5,48,85,422) | (2,92,88,240) |
| Less: Deferred Tax (exp) / income | - | - | - | - | 1,14,14,897 | 7,93,578 | 1,14,14,897 | 7,93,578 |
| Profit After Tax (before adjustment for Non Controlling Interest) | 23,32,67,946 | 12,06,10,096 | 29,08,901 | 10,48,819 | (7,26,28,785) | (7,45,58,079) | 16,35,48,062 | 4,71,00,836 |
| Less: Share of Profit / (loss) transferred to Non Controlling Interest | - | - | - | - | - | - | 4,36,335 | 1,57,323 |
| Profit After Tax (after adjustment for Non Controlling Interest) | 23,32,67,946 | 12,06,10,096 | 29,08,901 | 10,48,819 | (7,30,65,120) | (7,47,15,402) | 16,31,11,727 | 4,69,43,513 |
| 3 Other Information | | | | | | | | |
| Segment Assets | 1,86,43,22,422 | 1,58,36,51,047 | 7,27,00,612 | 16,95,28,223 | 15,89,74,401 | 28,66,05,246 | 2,09,59,97,435 | 2,03,97,84,516 |
| Segment Liabilities | 82,58,88,130 | 82,05,81,165 | 3,92,57,495 | 13,89,24,910 | 8,47,30,058 | 8,42,83,195 | 94,98,75,683 | 1,04,37,89,271 |
| Capital Expenditure | 14,14,93,804 | 6,86,21,150 | 2,11,447 | - | - | - | 14,17,05,251 | 6,86,21,150 |
| Depreciation & Amortisation | 20,67,72,926 | 14,15,06,278 | 74,008 | 67,651 | - | - | 20,68,46,934 | 14,15,73,928 |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

ii) Secondary Segment Information:

The Company has five geographic segments: India, Japan, Russia, Europe and Rest of the world. Revenues from the geographic segments based on domicile of the customer are as follows:

(in ₹)

| Particulars | 2020-21 | 2019-20 |
|---|-----------------------|-----------------------|
| 1. Segment Revenue - External Turnover | | |
| (a) Within India | 86,25,43,584 | 71,52,67,871 |
| (b) Outside India: | | |
| (i) Japan | 54,08,50,287 | 58,00,36,226 |
| (ii) Russia | 44,38,78,319 | 61,85,04,499 |
| (iii) Europe | 28,06,43,938 | 56,07,51,440 |
| (iv) Rest of the World | 56,31,39,978 | 65,55,50,576 |
| Total | 2,69,10,56,106 | 3,13,01,10,612 |
| 2. Non-Current Assets | | |
| (a) Within India | 74,71,18,291 | 69,45,14,202 |
| (b) Outside India - Europe | 1,79,166 | 41,727 |
| Total | 74,72,97,457 | 69,45,55,929 |

Revenues from one customer of the company amount to more than 10% of the Company's total revenues and represent approximately Rs.54.08 crores (previous year Rs.58 crores) of the total revenue of the company.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH ' 2021

RELATED PARTY DISCLOSURES:

As required under Indian Accounting Standard (Ind AS) 24 - Related Party disclosures, disclosure of transactions with related parties are given below:

(a) Classification and name of the Related Parties

| | |
|-------------------------------|--|
| (i) Associate | SKM Universal Marketing Company India Private Limited |
| (ii) Key Management Personnel | SKM Shree Shivkumar |
| | Sri.SKM Maeilanandhan |
| | K.S.Venkatachalapathy |
| | P.Sekar |
| (iii) Other Related Parties | SKM Animal Feeds and Foods India Private Limited |
| | SKM Siddha and Ayurvedha Company India Private Limited |

(b) Description of relationship between the parties :

| | |
|--|--|
| (i) Associate | |
| (a) SKM Universal Marketing Company India Private Limited | Domestic associate company in which the company holds 26% voting power |
| (ii) Key Management Personnel | |
| (a) SKM Shree Shivkumar | Managing Director |
| (b) Sri.SKM Maeilanandhan | Whole time Director |
| (c) K.S.Venkatachalapathy | Chief Financial Officer |
| (d) P. Sekar | Company Secretary |
| (iii) Other Related Parties | |
| (a) SKM Animal Feeds and Foods India Private Limited | Entity over which Key Management Personnel have significant influence |
| (b) SKM Siddha and Ayurvedha Company India Private Limited | Entity over which Key Management Personnel have significant influence |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

(c) Transactions during the year and year end balances with related parties :

(c-) The company has the following related party transactions for the years 2020-21 & 2019-20 :

(in ₹)

| Nature of relationship | Nature of Transactions | 2020 - 21 (₹) | 2019 - 20 (₹) |
|--------------------------------------|---------------------------|---------------|---------------|
| (i) Associate | Sale of goods | 9,72,03,854 | 10,57,85,598 |
| | Rent Income | - | - |
| | Purchase of goods | 11,98,89,174 | 9,57,29,100 |
| | Purchase of Motor Vehicle | 10,83,068 | 61,53,380 |
| | Purchase of Electricity | 2,34,96,645 | 2,06,01,908 |
| (ii) Key Management Personnel | Remuneration paid | 2,24,28,461 | 2,23,45,288 |
| | Rent paid | 3,18,709 | 3,23,710 |
| (iii) Other Related Parties | Sale of goods | 3,94,506 | 28,95,534 |
| | Purchase of goods | 2,40,500 | 1,99,585 |

(c-ii) The company has the following balances outstanding as of March 31, 2021 and March 31, 2020 :

| Nature of relationship | Nature of Balances outstanding | As at 31.03.2021 (₹) | As at 31.03.2020 (₹) |
|--------------------------------------|--------------------------------|----------------------|----------------------|
| (i) Associate | Investments | 46,63,117 | 9,11,494 |
| | Trade receivables | 48,97,322 | 53,76,711 |
| | Trade payables | 90,51,733 | 1,42,50,175 |
| (ii) Key Management Personnel | - | - | - |
| (iii) Other Related Parties | Trade receivables | - | 1,10,426 |
| | Trade payables | 5,289 | 46,161 |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

(d) Disclosures in respect of major related party transactions during the year :

The following are the significant related party transactions during the year ended March 31, 2021 and March 31, 2020

(in ₹)

| Particulars | Relationship | 2020 - 21 (₹) | 2019 - 20 (₹) |
|--|--------------------------|---------------|---------------|
| 1) Purchase of goods | | | |
| (a) SKM Siddha and Ayurvedha Company India Private Limited | Other Related Party | 2,40,500 | 1,99,585 |
| (b) SKM Universal Marketing Company India Private Limited | Associate | 11,98,89,174 | 9,57,29,100 |
| 2) Purchase of Electricity | | | |
| (a) SKM Universal Marketing Company India Private Limited | Associate | 2,34,96,645 | 2,06,01,908 |
| 3) Purchase of Motor Vehicle | | | |
| (a) SKM Universal Marketing Company India Private Limited | Associate | 10,83,068 | 61,53,380 |
| 4) Rent paid | | | |
| (a) SKM Shree Shivkumar | Key Management Personnel | 3,18,709 | 3,23,710 |
| 5) Remuneration paid | | | |
| (a) SKM Shree Shivkumar | Key Management Personnel | 1,60,14,425 | 1,60,06,953 |
| (b) Sri.SKM Maeilanandhan | Key Management Personnel | 30,93,728 | 30,42,730 |
| (c) K.S.Venkatachalapathy | Key Management Personnel | 26,84,726 | 26,66,625 |
| (d) P.Sekar | Key Management Personnel | 6,35,582 | 6,28,980 |
| 6) Sale of goods | | | |
| (a) SKM Animal Feeds and Foods India Private Limited | Other Related Party | 3,94,506 | 28,95,534 |
| (b) SKM Universal Marketing Company India Private Limited | Associate | 9,72,03,854 | 10,57,85,598 |

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The following are the significant related party balances outstanding as of March 31, 2021 and March 31, 2020

| Particulars | Relationship | As at 31.03.2021 (₹) | As at 31.03.2020 (₹) |
|--|---------------------|----------------------|----------------------|
| 1) Trade receivables | | | |
| (a) SKM Universal Marketing Company India Private Limited | Associate | 48,97,322 | 53,76,711 |
| (b) SKM Animal Feeds and Foods India Private Limited | Other Related Party | - | 1,10,426 |
| 2) Trade payables | | | |
| (a) SKM Universal Marketing Company India Private Limited | Associate | 90,51,733 | 1,42,50,175 |
| (b) SKM Siddha and Ayurvedha Company India Private Limited | Other Related Party | 5,289 | 46,161 |
| 3) Investments | | | |
| (a) SKM Universal Marketing Company India Private Limited | Associate | 46,63,117 | 9,11,494 |

(e) Compensation of Key Management Personnel

| Particulars | 2020 - 21 (₹) | 2019 - 20 (₹) |
|----------------------------------|---------------|---------------|
| (i) Short-term employee benefits | 2,01,84,541 | 1,99,50,328 |
| (ii) Post-employment benefits * | 22,43,920 | 23,94,960 |
| (iii) Other long-term benefits | - | - |
| (iv) Termination benefits | - | - |
| (v) Share-based payment | - | - |
| | 2,24,28,461 | 2,23,45,288 |

* - Post-employment benefit comprising gratuity, and compensated absences are not disclosed as these are determined for the Company as a whole.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Foreign currency risk:

The company is essentially an Export Oriented Undertaking and makes significant exports and has availed Working Capital Loan (Packing Credit) in Foreign currency and also imports goods, stores & spares occasionally. The Company is exposed to foreign currency risk on these transactions. The Company follows a conservative and sound policy by entering into simple Forward Exchange Contracts to hedge the foreign currency risk whose maturity is coterminous with the maturity period of the foreign currency liabilities and receivables.

The following table shows the foreign currency exposure in USD and EUR on financial statements at the end of the reporting period. The exposure to foreign currency for all other currencies are not material.

| Particulars | As at 31st March 2021 (₹) | As at 31st March 2020 (₹) |
|------------------------------------|---------------------------|---------------------------|
| (i) Borrowings: | | |
| Euro | 7,27,39,195 | 9,36,42,614 |
| USD | 45,91,91,122 | 55,17,06,686 |
| (ii) Trade & other payables | | |
| Euro | 3,95,22,702 | 11,48,44,482 |
| USD | 34,80,355 | - |
| (iii) Trade & other receivables | | |
| Euro | 5,78,64,234 | 12,55,78,656 |
| USD | 9,94,33,769 | 6,10,68,087 |
| Net Exposure (i + ii - iii) | 41,76,35,371 | 57,35,47,039 |

Sensitivity analysis of 1% change in exchange rate at the end of the reporting period net of hedges

| Particulars | As at 31st March 2021 (₹) | | |
|------------------------|---------------------------|------------|-------------|
| | USD | Euro | Total |
| 1% Depreciation in INR | | | |
| Impact on equity | - | - | - |
| Impact on P & L | (36,32,377) | (5,43,977) | (41,76,354) |
| Total | (36,32,377) | (5,43,977) | (41,76,354) |
| 1% Appreciation in INR | | | |
| Impact on equity | - | - | - |
| Impact on P & L | 36,32,377 | 5,43,977 | 41,76,354 |
| Total | 36,32,377 | 5,43,977 | 41,76,354 |
| Particulars | As at 31st March 2020 (₹) | | |
| | USD | Euro | Total |
| 1% Depreciation in INR | | | |
| Impact on equity | - | - | - |
| Impact on P & L | (49,06,386) | (8,29,084) | (57,35,470) |
| Total | (49,06,386) | (8,29,084) | (57,35,470) |
| 1% Appreciation in INR | | | |
| Impact on equity | - | - | - |
| Impact on P & L | 49,06,386 | 8,29,084 | 57,35,470 |
| Total | 49,06,386 | 8,29,084 | 57,35,470 |

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Interest rate risk:

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has availed significant Foreign Currency Working Capital Loan (In USD as well as Euro) by way of Packing Credit at floating interest rates. The interest rate is at 1% (spread) plus LIBOR rate of respective Bank and the interest rate is reset based on the LIBOR rate, as per the loan facility agreement. The Company has not entered into any of the interest rate swaps and hence, the Company is exposed to interest rate risk.

The Company considering the economic environment in which it operates has determined the interest rate sensitivity analysis (interest exposure) at the end of the reporting period. The interest rate for the Company are floating rates and hence, the analysis is prepared assuming the amount of the borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point +/- fluctuation in the interest rate is used for disclosing the sensitivity analysis.

The exposure of the company's borrowings to interest rate changes at the end of the reporting period are as follows

| Particulars | As at 31st March 2021 (₹) | As at 31st March 2020 (₹) |
|--|---------------------------|---------------------------|
| (i) Borrowings - Short term | | |
| Borrowings in Euro - PCFC | 7,27,39,195 | 9,36,42,614 |
| Borrowings in USD - PCFC | 45,91,91,122 | 55,17,06,686 |
| Borrowings in Euro - CC | 57,39,396 | 1,25,05,069 |
| Borrowings in INR - Current maturity of Long Term loan | 1,10,36,899 | 98,52,250 |
| (ii) Borrowings - Long term | | |
| Borrowings in INR | 1,47,31,828 | 4,26,65,536 |
| Net Exposure | 56,34,38,440 | 71,03,72,154 |

Impact on interest expenses for the year on 1% change in interest rates

| Particulars | 2020 - 21 | 2019 - 20 |
|------------------|--------------------|--------------------|
| Up Move | | |
| Impact on equity | - | - |
| Impact on P & L | (75,65,117) | (73,31,880) |
| Total | (75,65,117) | (73,31,880) |
| Down Move | | |
| Impact on equity | | |
| Impact on P & L | 75,65,117 | 73,31,880 |
| Total | 75,65,117 | 73,31,880 |

The interest rate sensitivity analysis is done holding on the assumption that all other variables remaining constant. The increase / decrease in interest expense is mainly attributable to the Company's exposure to interest rates on its variable rate of borrowings.

Commodity price risk:

Commodity price risk arises due to fluctuation in prices of eggs, feeds and other products. The company has a risk management framework aimed at prudently managing the risk by reducing the external dependability and enhancement of self reliance by manufacturing the commodities in house to the extent possible.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Credit risk:

Credit risk is a risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due, causing financial loss to the company. Credit risk arises from Company's outstanding receivables from customers and other parties. The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. The Company ensures that sales of products are made to customers with appropriate creditworthiness. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Geographic concentration of credit risk:

Geographic concentration of trade receivables is as follows:

| Particulars | As at 31st March 2021 (₹) | As at 31st March 2020 (₹) |
|------------------------|---------------------------|---------------------------|
| (a) Within India | 2,66,11,587 | 1,98,46,718 |
| (b) Outside India: | | |
| (i) Japan | 37,46,970 | 2,33,76,072 |
| (ii) Russia | 3,88,92,697 | 6,45,24,334 |
| (iii) Europe | 4,28,07,608 | 9,48,95,864 |
| (iv) Rest of the World | 5,14,01,449 | 3,77,14,084 |
| Total | 16,34,60,311 | 24,03,57,072 |

Year ended 31-03-2021

Expected credit loss for trade receivables under simplified approach

| Ageing | Upto 180 days | More than 181 days | Total |
|---|---------------|--------------------|--------------|
| Gross carrying amount - Trade receivables | 16,33,06,068 | 1,54,243 | 16,34,60,311 |
| Expected credit losses (Loss allowance provision) - trade receivables | - | - | - |
| Carrying amount of trade receivables (net of impairment) | 16,33,06,068 | 1,54,243 | 16,34,60,311 |

Year ended 31-03-2020

Expected credit loss for trade receivables under simplified approach

| Ageing | Upto 180 days | More than 181 days | Total |
|---|---------------|--------------------|--------------|
| Gross carrying amount - Trade receivables | 24,02,19,264 | 1,37,808 | 24,03,57,072 |
| Expected credit losses (Loss allowance provision) - trade receivables | - | - | - |
| Carrying amount of trade receivables (net of impairment) | 24,02,19,264 | 1,37,808 | 24,03,57,072 |

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Liquidity risk:

Liquidity risk arises from the company's inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient stock of cash and cash equivalents (Rs.10.68 crores as on 31st March 2021) & (Rs.21.59 crores as on 31st March 2020) and maintaining availability of standby funding through an adequate line up of committed credit facilities (Rs.53.17 crores as on 31st March 2021) & (Rs.62.86 crores as on 31st March 2020).

Liquidity Exposure as at 31.03.2021:

| Particulars | < 1 year | 1 - 5 years | > 5 years | Total |
|-------------------------------------|---------------------|--------------------|--------------------|---------------------|
| Financial Assets: | | | | |
| Non-Current investments | - | - | 46,63,117 | 46,63,117 |
| Current investments | 15,30,22,361 | - | - | 15,30,22,361 |
| Loans | 8,68,60,246 | 1,12,62,013 | 1,46,81,387 | 11,28,03,646 |
| Trade receivables | 16,34,60,311 | - | - | 16,34,60,311 |
| Cash and cash equivalents | 10,68,11,876 | - | - | 10,68,11,876 |
| Bank balances other than (ii) above | 51,09,638 | - | - | 51,09,638 |
| Other Financial Assets | - | - | - | - |
| Total Financial Assets | 51,52,64,432 | 1,12,62,013 | 1,93,44,504 | 54,58,70,949 |
| Financial Liabilities: | | | | |
| Long Term Borrowings* | 1,10,36,899 | 1,47,31,828 | - | 2,57,68,727 |
| Short Term Borrowings | 53,17,04,484 | - | - | 53,17,04,484 |
| Trade Payables | 17,70,24,326 | - | - | 17,70,24,326 |
| Other Financial Liabilities** | 2,58,22,195 | - | - | 2,58,22,195 |
| Total Financial Liabilities | 74,55,87,904 | 1,47,31,828 | - | 76,03,19,732 |

Liquidity Exposure as at 31.03.2020:

| Particulars | < 1 year | 1 - 5 years | > 5 years | Total |
|-------------------------------------|---------------------|--------------------|--------------------|---------------------|
| Financial Assets: | | | | |
| Non-Current investments | - | - | 9,11,494 | 9,11,494 |
| Current investments | - | - | - | - |
| Loans | 4,97,34,838 | 84,69,578 | 1,28,83,683 | 7,10,88,099 |
| Trade receivables | 24,03,57,072 | - | - | 24,03,57,072 |
| Cash and cash equivalents | 21,59,33,690 | - | - | 21,59,33,690 |
| Bank balances other than (ii) above | 41,64,204 | - | - | 41,64,204 |
| Other Financial Assets | 2,50,00,000 | - | - | 2,50,00,000 |
| Total Financial Assets | 53,51,89,804 | 84,69,578 | 1,37,95,177 | 55,74,54,559 |
| Financial Liabilities: | | | | |
| Long Term Borrowings* | 98,52,250 | 4,26,65,536 | - | 5,25,17,786 |
| Short Term Borrowings | 62,85,55,610 | - | - | 62,85,55,610 |
| Trade Payables | 25,53,34,349 | - | - | 25,53,34,349 |
| Other Financial Liabilities** | 41,64,204 | - | - | 41,64,204 |
| Total Financial Liabilities | 89,79,06,412 | 4,26,65,536 | - | 94,05,71,948 |

* - Includes current maturities of long term debt

** - Excludes current maturities of long term debt

Other risks - COVID 19 :

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, inventories held and investment in subsidiaries. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts.

The Company has evaluated the impact of COVID-19 resulting from:

- (i) the possibility of constraints to supply goods services which may require revision of estimations of costs, if any, to complete the contract because of additional efforts;
- (ii) onerous obligations;
- (iii) penalties relating to breaches of agreements, and
- (iv) termination or deferment of contracts by customers.

The Company has concluded that the impact of COVID-19 is not material based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

Some of the activities initiated are :

- Improve liquidity and cash management with a rigorous focus on working capital cycles, including collections, receivables and any other blocked cash.
- Reducing capital expenditures other than any committed or non-discretionary expenditures.

All possible impact of known events arising from COVID-19 pandemic in the preparation of the consolidate financial results have been considered. However, the impact of assessment of COVID-19 is a continuous process given the uncertainties associated with its nature and duration. The company will continue to monitor any material changes to future economic conditions. It is very difficult to assess the future outlook at this stage as we are not yet past the COVID-19 crisis. However, given the trend of operations in May & June 2020, the company is confident that it will tide this situation in the ensuing months and the entity's going concern status will not be affected.



SKM EGG PRODUCTS

THINKING OUT OF THE SHELL

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