



**SKMEGG/SEC/BSE/NSE/AR 2019-20**

August 28, 2020

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

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

Dear Sir,

**Sub:** Disclosure under Regulation 34 (1) of SEBI (LODR) Regulations, 2015

**Ref:** Scrip Code: 532143(BSE)/SKMEGGPROD (NSE)

.....

We would like to submit the copy of Annual Report for the financial year 2019-20. In compliance with the SEBI Circulars issued in April and May, 2020, the copy of the Annual Report for the financial year 2019-20 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**.

Kindly take on record the same in your records.

Thanking You

Yours faithfully  
For SKM Egg Products Export (India) Limited

P.Sekar  
Company Secretary  
(ICSI Membership No.A36565)

Enclosure: 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, Fax: +91 424 2258419

Factory : Erode - Karur Main Road, Cholangapalayam, Erode - 638 154, Tamil Nadu, India. Tel: +91 424 2351532 - 34, Fax: +91 424 2351531, Web: www.skmeegg.com



**SKM EGG PRODUCTS**

**THINKING OUT OF THE SHELL**

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

**25<sup>th</sup>**  
**ANNUAL REPORT**  
2019 - 2020

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



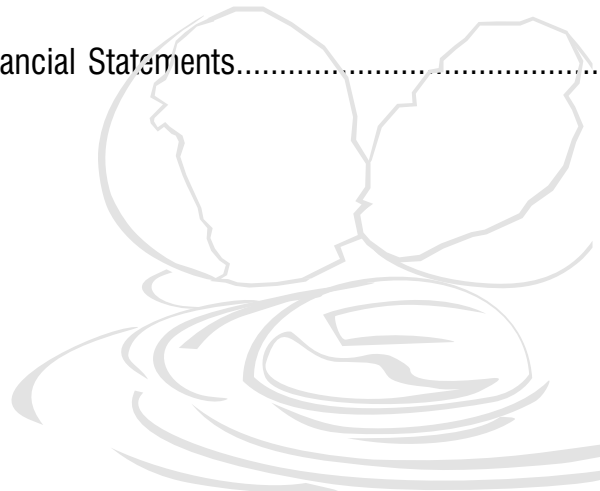
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# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

CIN : L01222TZ1995PLC006025

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

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**OUR BOARD OF DIRECTORS** : SHRI. SKM MAEILANANDHAN (DIN:00002380)  
SHRI. SKM SHREE SHIVKUMAR (DIN:00002384)  
SMT. SHIVKUMAR KUMUTAAVALLI (DIN:00002390)  
DR. L.M. RAMAKRISHNAN (DIN:00001978)  
SHRI.C.DEVARAJAN (DIN:00109836)  
SHRI. B. RAMAKRISHNAN (DIN:00182214)  
SHRI. D. VENKATESWARAN (DIN:05170759)  
SHRI. T.N. THIRUKUMAR (DIN:00124793)  
SHRI. G.N. JAYARAM (DIN:08521023)

**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

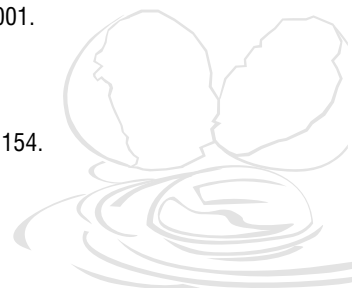
**STATUTORY AUDITOR** : SHRI. PRASANNA VENKATESAN B.Com., ACA.,  
302(D) INDIAN NAGAR 9TH STREET,  
46 PUDUR POST, ERODE - 638 002.

**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 25TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 25TH Annual General Meeting of the **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED** will be held on Wednesday, the 23rd September, 2020 at 4.00 p.m. 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, 2020 including Audited Balance Sheet as at 31st March, 2020, 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 consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Dividend for the year 2019-20 at the rate of 0.50/- per share of 10/- each fully paid up (5%), be declared and paid for the financial year ended 31st March, 2020 on the equity shares of Rs. 10/- each to the shareholders whose name appear on the Register of Members of the Company as on 16th September, 2020 for those holding shares in physical form and as per the details furnished by the Depositories for this purpose as at the end of business hours on 16th September, 2020 in respect of the shares held in demat form.

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

To consider and if thought fit, 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. Approval of Material Related Party Transactions**

To consider and if thought fit, to pass the following resolution with or without modification as an 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 2019-20 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

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

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."

By Order of the Board  
Sd/-

**SKM Shree Shivkumar**  
Managing Director  
(DIN : 00002384)

Place : Erode  
Date : 13.08.2020

### NOTES:

1. Due to the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA and SEBI Circulars, the AGM of the Company is being held through VC / OAVM.
2. As per the provisions of the Act, a Member entitled to attend and vote at the AGM and also 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 / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. 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](mailto:acsramkumar@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
4. 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.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 17th September 2020 to 23rd September 2020 (Both days inclusive) for the purpose of AGM and payment of final dividend.
6. Members are requested to intimate the Registrar and Transfer Agent viz., S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore-641006, Tamil Nadu (RTA), of any change in their

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

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).

7. According to Section 124 of the Companies Act, 2013, till the financial year 2008-09, 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.
8. 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.
9. 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.
10. As per aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.skmegg.com](http://www.skmegg.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively.

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@skmegg.com](mailto:shares@skmegg.com) for registering their e-mail addresses.

11. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
12. 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.
13. The Route Map is not annexed in this Notice since AGM is held through VC / OAVM,
14. Instructions for e-voting and joining the AGM are annexed to this notice
15. 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 : 13.08.2020

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By Order of the Board  
Sd/-  
**SKM Shree Shivkumar**  
Managing Director  
(DIN : 00002384)



## ANNEXURE TO THE NOTICE

### Statement in respect of the Special Business under item no. 4 (pursuant to Section 102 of the Companies Act, 2013)

#### Item No.4

##### 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:

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 2019-20 is given in the notes to the Standalone financial statement. The estimated value of material transactions for





the Financial Year 2020-21 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 of Directors

Sd/-

**SKM Shree Shivkumar**

Managing Director

(DIN:00002384)

Place : Erode

Date : 13.08.2020

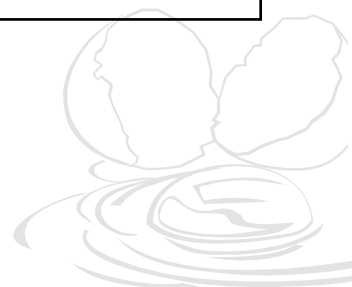
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## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

**Details of directors seeking appointment/re-appointment required under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 and Secretarial Standard - 2 on General Meetings issued by the ICSI:**

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) Diploma in Export and Import Management Diploma in Advanced Information Management
Experience	More than 15 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 9,000 for three meetings
No of board meetings attended	3
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



# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

## THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on 20th September, 2020 at 9:00 A.M. and ends on 22nd September, 2020 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.

### 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: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2: Cast your vote electronically on NSDL e-Voting system.**

**Details on Step 1 is mentioned below:**

### **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 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password 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 :

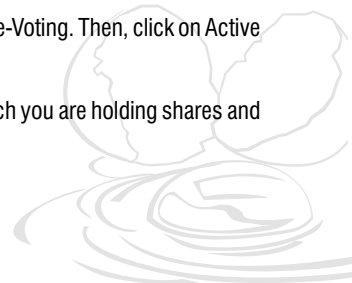
<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
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. Your password details 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.
  - 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](http://www.evoting.nsdl.com).
  - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://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](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - 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.

**Details on Step 2 is given below:**

### **How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.



3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. 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.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. 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](mailto:acsramkumar@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto: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](http://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](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request to (Name of NSDL Official) at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

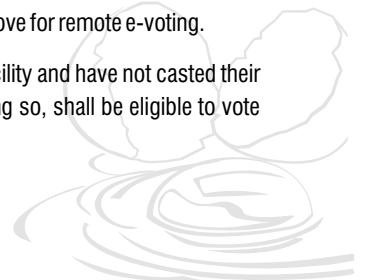
### Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

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](mailto:shares@skmegg.com)

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](mailto:shares@skmegg.com).

### 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 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 the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members 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. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
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](mailto:shares@skmegg.com). The same will be replied by the company suitably.

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**BOARD OF DIRECTORS' REPORT**

Dear Members

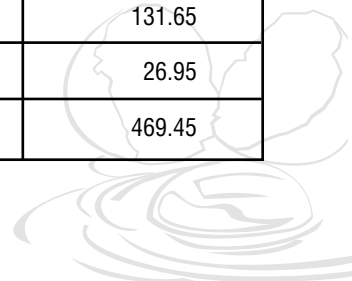
Directors of your Company take great pleasure in presenting the 25<sup>th</sup> Annual Report on the business and operations of your Company and the Audited Financial Statements for the financial year ended March 31, 2020.

**1. SUMMARISED FINANCIAL HIGHLIGHTS**

**STANDALONE**

(Rs. in Lacs)

<b>Particular</b>	<b>Year Ended 31.03.2020</b>	<b>Year Ended 31.03.2019</b>
Total Income	29,306.85	29,497.11
Earnings before Interest, Taxes, Depreciation and Amortization	2,827.04	2,235.69
Less: Financial Cost	596.80	424.72
Depreciation & Amortization	1,415.06	1,087.70
Profit Before tax	815.18	723.27
<b>Less: Tax Expenses</b>		
Current	292.88	227.35
MAT Credit entitlement	0.00	0.00
Deferred Tax	(7.94)	(109.19)
Profit /(Loss) for the period	530.24	605.12
Other Comprehensive Income (net of Tax)	(5.49)	22.94
Profit after Tax and available for appropriation	524.75	628.05
<b>APPROPRIATIONS</b>		
Dividend Paid	131.65	131.65
Dividend Distribution Tax	26.95	26.95
Surplus carried to Balance Sheet	366.15	469.45



# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

## CONSOLIDATED

(Rs. in Lacs)

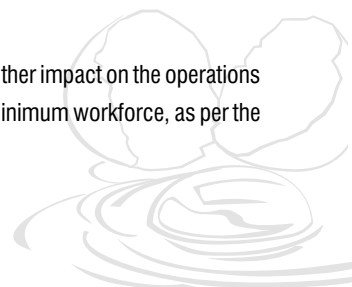
Particular	Year Ended 31.03.2020	Year Ended 31.03.2019
Total Income	33,384.61	34,341.90
Earnings before Interest, Taxes, Depreciation and Amortization	2,853.57	2,228.39
Less: Financial Cost	612.17	437.21
Depreciation & Amortization	1415.74	1,088.37
Add: Share of Profit/(Loss) of Associates	(69.71)	(102.83)
Profit Before tax	755.95	599.98
Less: Tax Expenses		
Current	292.88	227.35
MAT Credit entitlement	0	0
Deferred Tax	(7.94)	(109.19)
Profit /(Loss) for the period	471.00	481.83
Less: Net Profit attributable to Non controlling Interest	1.57	(3.07)
Other Comprehensive Income (net of Tax)	(18.53)	56.51
Profit after Tax and available for appropriation	450.90	541.41
<b>APPROPRIATIONS</b>		
Dividend Paid	131.65	131.65
Dividend Distribution Tax	26.95	26.95
Surplus carried to Balance Sheet	292.30	382.80

## 2. OPERATIONS:

The Company's total revenue is Rs.293.07 Crores during the current year as against Rs.294.97 Crores during the previous year. The Export during the year has been Rs.200.86 Crores as compared to Rs.228.41 Crores during the previous year 2018-19.

### IMPACT OF COVID-19

The impact of the Covid-19 will be felt in financial year 2020-21 as is expected to have further impact on the operations of the company.. The Company has partially resumed the operation in its facilities, with minimum workforce, as per the guidelines issued by Ministry of Health and welfare.





### 3. DIVIDEND:

The Director's recommend a dividend of 5% (ie Rs 0.50) per equity share for the financial year ended March 31st 2020. The dividend, if approved by shareholders would absorb Rs.1,31,65,000/- on 2,63,30,000 Equity Shares of Rs. 10/- each.

### 4. AMOUNTS TRANSFERRED TO RESERVES:

The Board of Directors of the Company (hereinafter referred to as the "Board") has not recommended transfer of any amount of profit to reserves during the year under review. Hence, the remaining amount of profit for the financial year under review has been carried forward to the Statement of Profit and Loss.

### 5. SHARE CAPITAL:

The paid up Equity Share Capital as on March 31, 2020 was Rs. 26,33,00,000. During the year under review the company has not issued any shares or any convertible instruments.

### 6. CORPORATE GOVERNANCE:

Effective corporate governance is necessary to retain the trust of stakeholders and to achieve business success. Corporate governance is about commitment to values and ethical business conduct. It is about how an organization is managed. It includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. As shareholders across the globe evince keen interest in the practices and performance of companies, corporate governance has emerged at the centre stage of the way the corporate world functions. Corporate governance is vital to enable companies to compete globally in a sustained manner and let them flourish and grow. A report on Corporate Governance, along-with a certificate from the Statutory Auditor on compliance with Corporate Governance norms forms part of this report, has been annexed herewith as **Annexure – A**

### 7. DEMATERIALISATION OF SHARES:

As on March 31, 2020, almost 90.35 % of the company's paid up Equity Share Capital is in dematerialized form and balance 9.65% is in physical form. The Company's Registrar is M/s S.K.D.C. Consultants Ltd., having their registered office at Kanapathy Towers, 3rd Floor, 1391/A1, Sathy Road, Ganapathy, Coimbatore-641 006.

### 8. NUMBER OF MEETINGS OF THE BOARD:

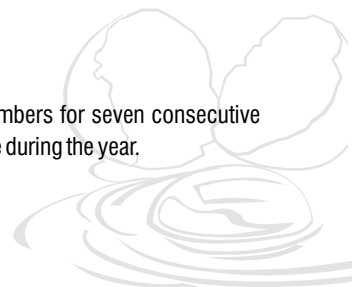
During the year, five (5) Board Meetings were held, the details of which are given in the Corporate Governance Report. The gap between any two consecutive meetings of the Board of Directors was less than 120 days.

### 9. COMMITTEES OF DIRECTORS:

The Company has constituted committees as required under the Companies Act, 2013 and the Listing regulations, the details of the said Committees forms part of the Corporate Governance Report.

### 10. 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.



## 11. 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 there to is [www.skmegg.com](http://www.skmegg.com)

## 12. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company's internal control systems have been strengthened taking into account the nature of business and size of operations to provide for:

- i) Reliability and integrity of financial and operational information;
- ii) Effectiveness and efficiency of operations and assets;
- iii) Compliance with applicable statutes, policies, listing requirements and management policies and procedures.

The Company, through its own Corporate Internal Audit Department, carries out periodic audits at all locations and all functions and brings out any deviation to internal control procedures. The observations arising from audit are periodically reviewed and compliance ensured. The summary of the Internal Audit observations is submitted to the Audit Committee. The Audit Committee at its meetings regularly reviews the financial, operating, internal audit & compliance reports to improve performance. The heads of various monitoring / operating cells are present for the Audit Committee meetings to answer queries from the Audit Committee.

## 13. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company seeks to be a good corporate citizen in all aspects of its operations and activities. We commit to operating in an economically, socially and environmentally responsible manner whilst balancing the interests of diverse stakeholders. The company has constituted a Corporate Social Responsibility (CSR) Committee. The CSR Committee meets once in a year. The details of CSR Committee and its meetings are given below. The CSR Committee has framed and formulated a CSR Policy indicating the activities to be undertaken by the Company, in accordance with Schedule VII of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 issued under the Act. The CSR policy is available on the website of the Company at the link [www.skmegg.com](http://www.skmegg.com).

NAME	CATEGORY	POSITION	NO.OF MEETINGS		SITTING FEES PAID (In Rs.)
			Held	Attended	
Dr.L.M.Ramakrishnan	ID*	Chairman	1	Yes	NIL
Shri.C.Devarajan	ID*	Member	1	Yes	NIL
Smt.S.Kumutaavalli	NED**	Member	1	Yes	NIL
Shri D Venkateswaran	ID*	Member	1	Yes	NIL

(\*ID-Independent Director \*\* Non-executive Director)

The Disclosure with respect to CSR activities forming part of this report is given in **Annexure B**.

#### 14. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has a Whistle Blower Policy (the “WB Policy”) with a view to provide vigil mechanism to Directors, Employees and other Stakeholders to disclose instances of wrongdoing in the workplace and report instances of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The WB Policy is available on the website of the Company at [www.skm.egg.com](http://www.skm.egg.com). During the year under review, there were no complaints received under this policy

#### 15. RELATED PARTY TRANSACTIONS:

All the transactions entered with the related parties during the financial year were on an arm's length basis and were in the ordinary course of business. Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee /Board for its omnibus approval and since there are no transactions which are not on arm's length basis and material in nature Form AOC-2 is annexed as “**Annexure - C**”.

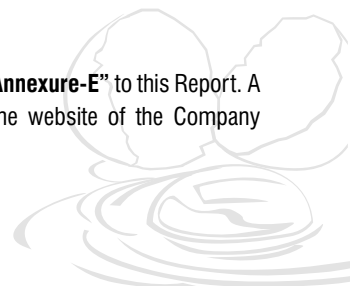
The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Policy was considered and approved by the Board has been uploaded on the website of the Company at [www.skmegg.com](http://www.skmegg.com).

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

Conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the “**Annexure-D**” to this report..

#### 17. ANNUAL RETURN:

The details forming part of the extract of Annual Return in Form MGT-9 is provided in “**Annexure-E**” to this Report. A copy of the Annual Return of the Company in prescribed format is available at the website of the Company [www.skmegg.com](http://www.skmegg.com)



## 18. 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.skmeegg.com](http://www.skmeegg.com).

### 18.1 REMUNERATION POLICY

#### A. Policy on remuneration to Non-Executive Directors/Independent Directors

The policy of the Company, based on the recommendation of the Nomination & Remuneration Committee for the payment of remuneration to Non-executive Directors/Independent Directors of the company is that the Non-Executive Directors will be paid only sitting fees for attending Board and Committees of the Board which is fixed within the limits of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### B. Policy on remuneration to MD & Executive Director, Key Managerial Personnel and other employees

The Compensation/Remuneration policy of the Company as approved by the Board contains the policy for payment of remuneration to Executive Directors including MD & Key managerial personnel and for the employees of the Company.

#### C. Performance Evaluation by the Board of its own performance and its Committees

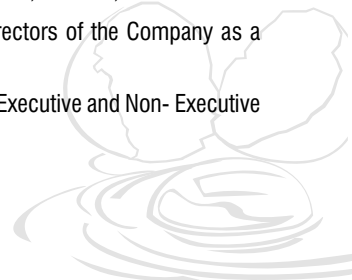
The performance of the Board is evaluated by the Board in the overall context of understanding by the Board of the Company's principle and values, philosophy and mission statement, strategic and business plans and demonstrating this through its action on important matters, the effectiveness of the Board 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.

The performance of the Committees is evaluated by the members of the respective Committees, Committee meetings held at appropriate frequency, length of the meetings being appropriate, open communication & constructive participation of members and prompt decision-making, etc.

## 19. INDEPENDENT DIRECTORS MEETING:

During the year under review, the Independent Directors of the Company met on 29.01.2020, inter alia, to discuss:

- i) Evaluation of performance of Non- Independent Directors and the Board of Directors of the Company as a whole.
- ii) Evaluation of performance of the Chairman of the Company, taking into views of Executive and Non- Executive Directors.



- iii) Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

### **20. DECLARATION BY INDEPENDENT DIRECTOR:**

The Independent Directors have affirmed that they satisfy the criteria laid down under section 149(6) of the Companies Act 2013 (Act) and Regulation 25 and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), as amended from time to time. The Board of Directors at its meeting held dated on 31st July 2019 for the Financial Year 2019-20 has taken on record the declarations and confirmations submitted by the Independent Directors.

### **21. 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.

### **22. MATERIAL CHANGES AND COMMITMENT'S AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

The Covid-19 Pandemic has significantly impacted the operations of the company, the Board will review the performance continuously and initiate appropriate actions keeping in view the long term interests of stake holders

### **23. REPORT ON THE PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARY INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS.**

The company has foreign subsidiary. A report on the performance and financial position of the subsidiaries as per the Act, in the prescribed format **AOC-1 Annexure F** is annexed to the annual report and hence not repeated here for the sake of brevity. The Company has a policy on material subsidiaries pursuant to Regulation 16(1)(c) of the Listing Regulations, which has been uploaded on the company's website at [www.skmeegg.com](http://www.skmeegg.com)

### **24. DEPOSITS**

During the year under review, your Company has not accepted any deposits under Section 73 of the Act, and as such, no amount on account of principal or interest on public deposits was outstanding as of March 31, 2020.

### **25. PREVENTION OF SEXUAL HARASSMENT**

The Company has zero tolerance for sexual harassment at the work place and has adopted a policy on prevention, prohibition and Redressal of sexual harassment in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under for prevention and redressal of complaints of sexual harassment at workplace.

Internal Complaints Committee (ICC) is in place for all administrative units or offices of SKM EGG PRODUCTS EXPORT (INDIA) LIMITED to redress complaints received regarding sexual harassment. All women associates (permanent, temporary, contractual and trainees) as well as any woman visiting the Company's office premises or women service providers, are covered under this policy. During the year under review, the Company has not received any complaints in this regard

### **26. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Mrs. S Kumutaavalli (DIN: 00002390), retires by rotation and being eligible, has offered herself for re-appointment at the ensuing Annual General Meeting ("AGM"). Your Directors recommend her re-appointment. The brief resume of

Mrs. S Kumutaavalli and other relevant information have been furnished in the Notice of Annual General Meeting (AGM). Appropriate resolutions for her appointment are being placed for approval of the shareholders at the AGM.

Shri. SKM. Maeilanandhan, Executive Chairman, Shri. SKM Shree Shivkumar, Managing Director, Shri. K.S. Venkatachalapathy, Chief Financial Officer and Shri. P. Sekar, Company Secretary, hold the office of Key Managerial Personnel, respectively within the meaning of Section 2(51) of the Companies Act, 2013

During the year under review, the following are the changes in the Board of Directors:

- i) SM Venkatachalapathy (DIN: 00043288) Non Executive Director retired from the Board with effect from 25th September 2019 The Board places on record its appreciation towards valuable contribution made by him during his tenure as a Director of the Company.
- ii) M. Chinnayan (DIN 01497482) ceased to be an Independent Director on account of completion of his term on 10th September 2019 by efflux of time. The Board places on record its appreciation towards valuable contribution made by him during his tenure as a Director of the Company.
- iii) P. Kumarasamy (DIN 00046090) ceased to be an Independent Director on account of completion of his term on 27th January 2020 by efflux of time. The Board places on record its appreciation towards valuable contribution made by him during his tenure as a Director of the Company.

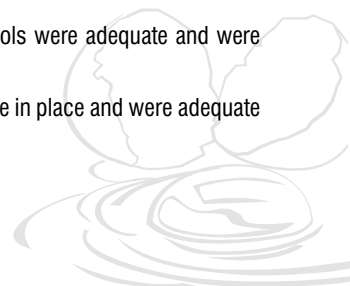
### 27. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Management Discussion and Analysis including the result of operations of the Company for the year, as required under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is appended to the Annual Report **Annexure-G**.

### 28. DIRECTORS' RESPONSIBILITY STATEMENT:

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3) (c) of the Companies Act, 2013:

- a) that in the preparation of the annual financial statements for the year ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies as mentioned in Notes to the Financial Statements have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual financial statements have been prepared on a going concern basis;
- e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.



## 29. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

## 30. 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, 2020.

## 31. AUDITORS:

### 31.1 STATUTORY AUDITORS

Mr. Prasanna Venkatesan N, Chartered Accountant, Erode (Mn235530), were appointed as the Statutory Auditors of the Company by the members at their 24th Annual General Meeting for the period of three year till the conclusion of 27th Annual General Meeting. The terms and conditions of the appointment were changed in line with the LODR regulations vide circular CIR/CFD1/114/2019 dated 18.10.2019.

### 31.2 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 FY2019-20. The report of the secretarial audit of the company is annexed herewith as Annexure H

The Annual Secretarial Compliance Report, (hereinafter referred to as 'compliance report'), for FY 2019-20 issued from Mr. V. Ramkumar, Company Secretary in Practice, Coimbatore. (CP No.:3832, Membership No: F 8304), the Secretarial Auditors of the Company, have confirmed 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 29th June, 2020. The compliance report does not contain any qualification, reservation, adverse remark and the Board has approved filing of the same with the stock exchanges.

### 31.3 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.

### 31.4 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.

## 32. 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.

## 33. CONSOLIDATED FINANCIAL STATEMENTS:

According to Section 129 of the Companies Act, 2013, the Company has prepared a Consolidated Financial Statements of the Company and also of its Subsidiary, "SKM Europe BV", Utrecht, the Netherlands, and associate company M/S SKM Universal Marketing Company India Private Limited in same form and manner as that of the Company which shall be laid before the ensuing Annual General Meeting of the Company along-with laying of the Company's Financial Statement under section 129 sub-section (2) i.e. Standalone Financial Statement of the Company.



## 34. PARTICULARS OF LOANS, GUARANTEES MADE OR INVESTMENTS:

The Company has not granted any fresh loans or guarantees or provided any security in connection with any loan to any other body corporate or person covered under the provisions of Section 186 of Companies Act 2013, particulars of investments forms part of the notes to the financial statements provided in the Annual Report.

## 35. PARTICULARS OF EMPLOYEES

Details pursuant to Section 197(12) of The Companies Act, 2013 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 form part of this report as **Annexure-I**

## 36. INTERNAL CONTROLS:

The Company has a system of internal control which examines both the financial effectiveness and operational effectiveness to ensure reliability of financial and operational information and all statutory/ regulatory compliances.

## 37. 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 31.03.2020. 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.skmegg.com](http://www.skmegg.com).

## 38. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.

## 39. 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, 2020

## 40. INDUSTRIAL RELATIONS:

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

## 41. ACKNOWLEDGEMENTS:

The Directors would like to take this occasion to thank each and everyone of you for being an earnest part of our Company on the successful completion of 25 years since its incorporation. We are grateful to our employees, clients and customers who trusted in us and provide immaculate products. Their requests, demands, and feed backs have pushed us to go a long way and improve our business to make it so great. Our success story is incomplete without the encouragement of our clients and customers. Not only have they helped us reach out to the world but they have also made us a part of their lives. We plan to keep our business and relation growing with you and continue to provide you with nothing less than the best. With your support, we wish to explore new heights in the coming years.

## 42. CAUTIONARY STATEMENT:

Statements in this Annual report, particularly those which relate to management discussion and analysis, describing your Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may materially differ from those expressed or implied.

Date :13.08.2020

Place : Erode

**For and on behalf of the Board of Directors**

SKM Maeilanandhan

Chairman

DIN: 00002380

★ ★ ★ ★ ★



## CORPORATE GOVERNANCE

The directors present the company's report on corporate governance for the year ended March 31, 2020, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes that the fundamental objective of the Corporate Governance is to ensure transparency, professionalism and accountability in its dealings with its customers, principal, employees, shareholders and with every individual who comes in contact with the Company.

The Company also believes that good corporate governance practices help to enhance performance and valuation of the company.

The Company is in full compliance with the requirements of Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered with both Stock Exchanges and in this regard, submits a report on the matters mentioned in the said clause and also the practices followed by the Company as stated below:

### BOARD OF DIRECTORS- COMPOSITION, CATEGORY AND ATTENDANCE

#### A) COMPOSITION:

The Company has a very balanced and diverse Board of Directors, which primarily takes care of the business needs and stakeholders' interest. The Non-executive Directors including Independent Directors on the Board are experienced, competent and highly renowned persons from the fields of manufacturing, finance & taxation, economics, law,

Governance etc. They take active part at the Board and Committee Meetings by providing valuable guidance to the Management on various aspects of business, policy direction, governance, compliance etc. and play critical role on strategic issues, which enhances the transparency and add value in the decision making process of the Board of Directors. The composition of the Board also complies with the provisions of the Companies Act, 2013 and the Listing Agreement. As at the end of corporate financial year 2019- 2020, the total Board strength comprises of the following:

Executive Director	2
Non-Independent Directors & Non-Executive Directors (including woman Director)	1
Independent Directors	5
Nominee Director-TIDCO	1
Total Strength	9

# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

## B) MEETING AND ATTENDANCE

During the year the Board of Directors met five (5) times on 29.05.2019, 31.07.2019, 07.11.2019, 29.01.2020 and 10.02.2020 and the requisite quorum was present throughout these meeting. The details of the Directors on the Board, their attendance at Board Meeting and Annual General Meeting held during the year, the number of Directorships and committee memberships/chairperson position(s) held by them in other companies as on 31st March 2020 are given below

Name of the Director	Category	Attendance Particulars		No. of other companies in which he is a Director		No. of shares held in the company as on 31.03.2020
		Board Meeting	Last AGM	Director -ship	Committee Membership	
Shri. SKM Maeilanandhan	Executive Chairman	5	Yes	4	NIL	NIL
Shri.SKM Shree Shivkumar	Managing Director	5	No	7	NIL	1,23,71,472
Smt.S.Kumutaavalli	Director	3	Yes	6	NIL	10,005
Dr.L.M.Ramakrishnan	Independent Director	4	Yes	4	NIL	NIL
Shri.C.Devarajan	Independent Director	2	No	12	NIL	5,000
Shri. B.Ramakrishnan	TIDCO Nominee	4	Yes	3	NIL	19,95,800
Shri. D Venkateswaran	Independent Director	5	Yes	3	NIL	NIL
Shri TN Thirukumar	Independent Director	2	Yes	4	NIL	NIL
Shri GN Jayaram	Independent Director	3	Yes	-	NIL	NIL

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

### C. No. of other Board Committees they are Members / Chairman:

S.No	Name of Directors	Audit Committee	Stakeholders Relationship Committee	Nomination and Remuneration Committee	Corporate Social Responsibility committee
1.	Smt S Kumutaavalli	-	-	-	Member
2.	Dr LM Ramakrishnan	Member	Member	Chairman	Chairman
3.	Shri C Devarajan	-	Chairman	Member	Member
4.	Shri D Venkateswaran	Member	-	-	Member
5.	Shri B Ramakrishnan	Member	-	-	-
6.	Shri TN Thirukumar	-	Member	-	-
7.	Shri GN Jayaram	Chairman	Member	Member	-

As per the disclosures received from the directors, none of the directors serve as member of more than 10 committees nor they are the chairman / chairperson of more than 5 committees, as per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

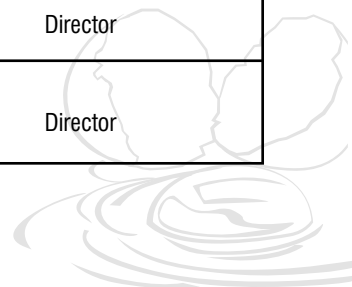
- d) Shri. SKM Shree Shivkumar, Managing Director, Shri SKM Maeilanandhan and Smt.S. Kumutaavalli, Director are related to each other. There is no inter-se relation among other Directors of the Company

### e) Particulars of Directorships of other Companies:

Name of the Director and Designation	Name of the Company	Position
Shri SKM Maeilanandhan (Executive Chairman)	SKM Animal Feeds and Foods (India ) Private Limited	Director
	SKM Siddha and Ayurvedha Company India Private Limited	Director
	SKM Universal Marketing Company India Private Limited	Director
	Agro Corpex India Limited	Director

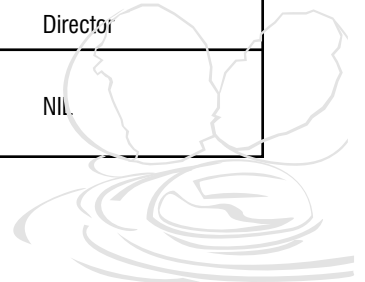
## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Name of the Director and Designation	Name of the Company	Position
Shri SKM Shree Shivkumar (Managing Director)	SKM Universal Marketing Company India Private Limited	Managing Director
	SKM Siddha and Ayurvedha Company India Private Limited	Director
	SKM Shrees Farms India Private Limited	Director
	SKM Shree Developers India Private Limited	Director
	SKM Shree Energy India Private Limited	Director
	SKM Shree Herbals India Private Limited	Director
	SKM Shrees Properties India Private Limited	Director
Smt S Kumutaavalli (Non-Executive Director)	SKM Siddha and Ayurvedha Company (India) Private Limited	Managing Director
	SKM Universal Marketing Company India Private Limited	Director
	SKM Shree Developers India Private Limited	Director
	SKM Shree Herbals India Private Limited	Director
	Erode Smart City Limited	Director
	SKM Shrees Properties India Private Limited	Director
Dr LM Ramakrishnan (Independent Director)	Ponni Sugars (Erode) Limited	Director
	Knitvel Needles (P) Limited	Director
	Erode Medical Suppliers (P)LtdManaging	Director
	Hawker & West off shoring consulting services (P) Ltd	Director



## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Name of the Director and Designation	Name of the Company	Position
Shri C Devarajan (Independent Director)	URC Power Product (P) Ltd	Director
	Institute for Lean Construction Excellence	Director
	URC Construction (P) Ltd	Director
	URC Creative Developers (P) Ltd	Director
	Tactive Software systems Private Limited	Managing Director
	OREOPS Framework Private Limited	Director
	Texvalley weekly market Limited	Director
	Texvalley market Limited	Director
	Erode Smart City Limited	Director
	Native angels network association	Director
	Erode textile mall private Limited	Director
	Five P Venture India (P) Ltd	Director
Shri B Ramakrishnan Nominee Director-TIDCO	Saptarishi Agro Industries Limited	Director
	Tamilnadu Telecommunication Limited	Nominee Director
	Sattva Agro Expo Private Ltd	Nominee Director
Shri D Venkateswaran (Independent Director)	Ulavan Producer Company Limited	Director
	Mega Agri Business Consortium Producer Company Limited	Director
	Native Angels Network	Director
Shri TN Thirukumar (Independent Director)	Heritage Granites Private Limited	Director
	Jansons Industries Limited	Director
	Jansons MRI Diagnostic Private Limited	Director
	Jansons Medicare Services Private Limited	Director
Shri G N Jayaram (Independent Director)	NIL	NIL



None of the directors holds directorship in more than 20 companies (including limit of maximum directorships in 10 public companies) pursuant to the provisions of the Companies Act, 2013. Further, none of the directors including independent directors hold directorships in more than the maximum number of directorships prescribed under Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **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**

The company has formulated a policy to familiarize the independent directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes. The familiarization program for independent directors has been posted on the company's website at [www.skmeegg.com](http://www.skmeegg.com)

## **KEY BOARD QUALIFICATIONS, EXPERTISE AND ATTRIBUTES:**

The nomination and remuneration committee of the board and the board of directors took cognizance of this new provision as introduced by SEBI (Listing Obligation and Disclosure Requirements) Amendment, Regulations, 2018.

The board is evaluating the skills required for the board and against which that available with the directors and this mapping will be done shortly and published from the next annual report.

## **CONFIRMATION ON THE FULFILLMENT OF THE CONDITIONS OF INDEPENDENCE:**

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

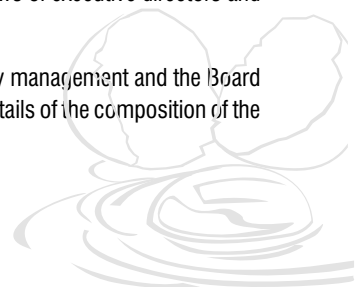
## **RESIGNATION OF INDEPENDENT DIRECTORS BEFORE EXPIRY OF TENURE:**

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

## **SEPARATE MEETING OF THE INDEPENDENT DIRECTORS:**

During the year under review, the Independent Directors met on 29<sup>th</sup> January, 2020, inter alia to discuss:

- i. review the performance of non-independent directors and the Board as a whole;
- ii. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- iii. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The details of the composition of the Committee and attendances are as under:



Name	Status	Category	No. of Meeting during the year 2019-20	
			Held	Attended
Dr.L.M.Ramakrishnan	Director	Independent Director	1	1
Shri.C. Devarajan	Director	Independent Director	1	1
Shri.D.Venkateswaran	Director	Independent Director	1	1
Shri TN Thirukumar	Director	Independent Director	1	1
Shri GN Jayaram	Director	Independent Director	1	1

## 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.

The board constitutes the committees and defines their terms of reference. The members of the committees are co-opted by the board. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided below:

### AUDIT COMMITTEE

#### I) Terms of Reference:

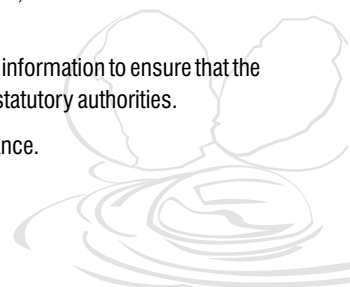
The Audit Committee reviews the audit reports submitted by the Internal Auditors and Statutory Auditors, financial results, effectiveness of internal audit processes and the Company's risk management strategy. It reviews the Company's established Systems and the Committee are governed by a Charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and Listing Regulations.

The board has accepted the audit committee recommendations during the year whenever required and hence no disclosure is required under section 177 (8) of the company's Act 2013 with respect to rejection of any recommendation of audit committee by the board.

The major tasks performed by the audit committee may be grouped under the following heads:

Statutory audit, internal audit, reporting and other aspects

- i. The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The Committee acts as a link between the Management, Auditors and the Board of Directors of the Company and has full access to the financial information.
- ii. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible and ensuring timely submission to statutory authorities.
- iii. Reviewing the Management Discussion & Analysis of financial and operational performance.



- iv. Reviewing with the management, the quarterly financial statements and annual financial statements and auditor's report thereon before submission to the board for approval.
- v. Review the adequacy and effectiveness of the company's system and internal control.
- vi. Evaluation of internal financial controls and risk management systems.
- vii. To review the functioning of the Whistle Blower mechanism

## AUDIT & OTHER DUTIES

- i. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- ii. Discussion with internal auditors of any significant findings and follow up there on.
- iii. Review and recommend to the Board the appointment/re-appointment of the Statutory Auditors and internal Auditors considering their independence and effectiveness and their replacement and removal.
- iv. To recommend to the Board the remuneration of the Statutory Auditors and internal auditors.
- v. To grant approval for related party transactions which are in the ordinary course of business and on an arm's length pricing basis and to review and approve such transactions subject to the approval of the Board.

During the year under review, the committee met four times on 29.05.2019, 31.07.2019, 07.11.2019 and 10.02.2020. The composition of the audit committee and the attendance of each member of the committee are given below

Name	Status	Category	No. of Meeting during the year 2019-20	
			Held	Attended
Shri M Chinnian*	Chairman	Independent Director	4	2
Dr.L.M.Ramakrishnan	Director	Independent Director	4	3
Shri B Ramakrishnan	Director	TIDCO Nominee	4	4
Shri.D.Venkateswaran**	Director	Independent Director	4	2
Shri GN Jayaram**	Director	Independent Director	4	2

\*Retired from the committee with effect from 01.08.2019

\*\* Appointed with effect from 01.08.2019

The chairman of the audit committee attended the last annual general meeting held on 25th September, 2019.

The company secretary acts as the secretary to the committee. The managing director, statutory auditors and internal auditor and chief financial officer of the company have also attended the committee meetings. The minutes of the audit committee meetings were circulated to the board, and the board discussed and took note of the same.



## NOMINATION AND REMUNERATION COMMITTEE

The nomination and remuneration committee is constituted in compliance with the requirements of Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 178 of the Companies Act 2013.

### Terms of reference

The terms of reference of this committee has been mandated with the same as specified in Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also with the requirement of Section 178 of the Companies Act, 2013

1. This committee would look into and determine the company's policy on remuneration packages of the executive directors and senior management
2. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
3. Formulation of criteria for evaluation of Independent Directors and the Board;
4. Devising a policy on Board diversity;
5. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

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, Independent of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

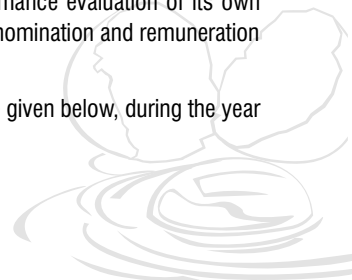
The remuneration policy as adopted by the company envisages payment of remuneration according to qualification, experience and performance at different levels of the organization. The workers at the factory as well as those rendering clerical, administrative and professional services are suitably remunerated according to the industry norms. Although no remuneration is paid to any director at present the company retains the option to do so in future. As and when it is done it shall be revealed in the report

The remuneration policy of the company is annexed to the board's report and can also be accessed on the company's website [www.skmegg.com](http://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, nomination and remuneration committee, CSR committee and stakeholder relationship committee.

The composition of the committee and the attendance of each member of the committee are given below, during the year under review, the committee had met one time on 29.01.2020.



## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Name	Status	Category	No. of Meeting during the year 2019-20	
			Held	Attended
Dr.L.M.Ramakrishnan	chairman	Independent Director	1	1
Shri.D.Venkateswaran	Member	Independent Director	1	1
Shri GN Jayaram	Member	Independent Director	1	1

### Details of Remuneration Paid

Name of the Directors	Salary, Allowance and Perquisites	Service Contract
SKM Maeilanandhan, Chairman	30,42,730	5 years
SKM Shree Shivkumar, Managing Director	1,60,06,953	3 years

The company does not pay remuneration to any of its non-executive directors except sitting fees for attending the board/committee meeting(s).

### STAKEHOLDERS RELATIONSHIP COMMITTEE

Terms of reference:

The stakeholders relationship committee was constituted in compliance with the provisions of Section 178 of the Companies Act, 2013 read with Regulation 20 and Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Committee focuses primarily on monitoring expeditious Redressal of investors / stakeholders grievances and also functions in an efficient manner that all issues / concerns stakeholders are addressed / resolved promptly.

The committee comprises of the following directors as its members, during the year under review, the committee had met fourtimes on 29.05.2019, 31.07.2019, 07.11.2019 and 10.02.2020.

Name	Position	No of Meetings	
		Attend	Held
P Kumarasamy Retired from the Committee with effect from 01.08.2019	Chairman	2	2
M Chinnian Retired from the Committee with effect from 01.08.2019	Member	2	2
Dr LM Ramakrishnan	Member	4	3
Shri C Devarajan Appointed with effect from 01.08.2019	Chairman	2	0
Shri GN Jayaram Appointed with effect from 01.08.2019	Member	2	2
Shri TN Thirukumar Appointed with effect from 01.08.2019	Member	2	2

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

The stakeholder's relationship committee of the board is empowered to oversee

- v Transfer/Transmission of shares
- v Issue of Duplicate Share Certificates.
- v Review of Share dematerialization and re-materialization.
- v Monitoring the expeditious Re-dressal of Investor Grievances.
- v Monitoring the performance of company's Registrar & Transfer Agent.
- v All other matters related to the shares.

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

Name and Designation of Compliance Officer:

**Mr. Sekar. P**

Company Secretary and Compliance Officer.

### Shareholder's Services:

S.No.	Nature of Complaints		2019-2020
	Received	Answered	
1st Quarter	0	0	0
2nd Quarter	0	0	0
3rd Quarter	1	0	1
4th Quarter	0	1	1

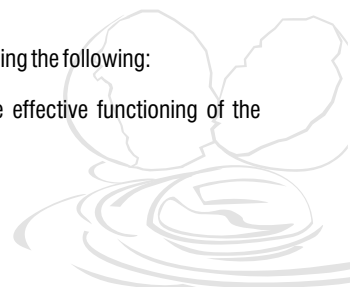
Pursuant to Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate on half-yearly basis confirming due compliance of share transfer formalities by the company from a practicing company secretary has been submitted to the stock exchanges within stipulated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

### 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.

A chart or a matrix setting out the skills/ expertise/competence of the Board of Directors specifying the following:

The Board has identified the following skills/ expertise/ competencies fundamental for the effective functioning of the Company which is currently available with the Board:



## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

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
SKM Maeilanandhan	✓	✓	✓	✓
SKM Shree Shivkumar	✓	✓	✓	✓
S Kumutaavalli	✓	✓	✓	✓
C Devarajan	✓	✓	✓	✓
B Ramakrishnan	✓	✓	✓	✓
D Venkateswaran	✓	✓	✓	✓
LM Ramakrishnan	✓	✓	✓	✓
GN Jayaram	✓	✓	✓	✓
TN Thirukumar	✓	✓	✓	✓

# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

## CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

In compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the company has constituted the corporate social responsibility committee.

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

- To formulate and recommend to the board, a CSR policy which shall indicate the activities to be under taken by the company as specified in Schedule VII:
- To recommend the amount of expenditure to be incurred on the activities referred to in Clause A:
- To monitor the CSR policy of the company from time to time :
- Any other matter that may be referred by the board from time to time or as may be necessary for compliance with the companies Act, 2013 or Rules made thereunder or any other statutory laws of India:

The committee comprises of following members, during the year under review, the committee had met once on 10.02.2020.

Name	Position	No of Meetings	
Dr.L.M.Ramakrishnan	Chairman	1	1
Smt S Kumutaavalli	Member	1	1
Shri C Devarajan	Member	1	1
Shri D Venkateswaran	Member	1	1

## MANAGEMENT DISCUSSION AND ANALYSIS

Management discussion and analysis forms part of this annual report.

## GENERAL BODY MEETINGS:

Location and time for the last three AGMs held and the special resolutions, if any, passed thereat, are as given below :

Year	Date	Venue	Time	Special Resolution
2016-17	27.09.2017	Registered Office at 185, Chennimalai Road, Erode-638001	4.00 PM	Special Resolutions have been passed
2017-18	26.09.2018			
2018-19	25.09.2019	Registered office at 133, 133/1, Gandhiji Road, Erode-638001		

# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

## EGM AND POSTAL BALLOT:

During the year no EGM was held. No resolutions were put through postal ballot last year. No special resolution requiring postal ballot is being proposed.

## MEANS OF COMMUNICATION:

The quarterly, unaudited and annual audited financial results were published in nationally circulated newspapers in English, such as, Trinity Mirror and in regionally circulated Newspaper in Makkal Kural. The results were also displayed on the Company's website - [www.skmegg.com](http://www.skmegg.com).

## GENERAL INFORMATION FOR SHAREHOLDERS

### 25th Annual General Meeting

Date	:	23.09.2020
Time	:	4.00 P.M
Venue	:	Through VC/OAV Means (Registered Office at 133, 133/1, Gandhiji Road, Erode)
Financial Year	:	1st April 2019 to 31st March 2020
Date of Book Closure	:	17.09.2020 to 23.09.2020
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 2019 : 31st July 2019
2. 30th September 2019 : 7th November 2019
3. 31st December 2019 : 10th February 2020
4. 31st March 2020 : 29th June 2020

## STOCK EXCHANGE INFORMATION:

The Company's Equity Shares are listed on:1.BSE Limited, Phiroze Jeejeebhoy 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.



## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

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

<b>National Stock Exchange Limited</b>			
<b>MONTH</b>	<b>HIGH (Rs)</b>	<b>LOW (Rs)</b>	<b>Quantity (Nos)</b>
Apr-19	53.80	48.10	2,90,900
May-19	52.00	43.20	4,08,896
Jun-19	47.40	35.45	3,73,954
Jul-19	41.50	28.70	2,96,571
Aug-19	40.15	27.00	6,68,675
Sep-19	45.80	35.30	5,24,247
Oct-19	41.75	37.15	3,41,518
Nov-19	46.80	37.50	8,53,966
Dec-19	43.80	36.10	8,28,235
Jan-20	39.90	32.35	7,92,883
Feb-20	34.90	24.80	4,43,156
Mar-20	32.35	20.00	11,43,196

<b>Bombay Stock Exchange Limited</b>			
<b>MONTH</b>	<b>HIGH (Rs)</b>	<b>LOW (Rs)</b>	<b>Quantity (Nos)</b>
Apr-19	53.60	49.00	41,555
May-19	52.60	41.05	47,224
Jun-19	46.90	36.00	39,309
Jul-19	41.90	27.20	34,060
Aug-19	39.90	25.25	41,039
Sep-19	48.00	35.25	50,030
Oct-19	41.70	36.20	16,335
Nov-19	46.80	37.90	77,145
Dec-19	43.65	36.20	77,209
Jan-20	39.40	32.45	53,016
Feb-20	34.90	24.25	50,029
Mar-20	32.35	20.20	41,945

# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

## REGISTRAR AND SHARE TRANSFER AGENT:

S.K.D.C. Consultants Limited  
Kanapathy Towers, 3rd Floor, 1391/A1, Sathy Road, Ganapathy, Coimbatore-641 006.

## 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 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.

## Distribution of Shares As on 31st March 2020

Shareholding (Range)	No.of Holders	% of Holders	No.of Shares	% of shares
1 - 500	11,909	79.600	21,68,472	8.236
501 - 1,000	1,543	10.313	12,51,732	4.754
1,001 - 2,000	614	4.104	9,21,757	3.501
2,001 - 3,000	452	3.021	11,25,780	4.276
3,001 - 4,000	87	0.582	3,12,856	1.188
4,001 - 5,000	112	0.749	5,28,175	2.005
5,001 - 10,000	146	0.976	10,87,343	4.130
10,001 AND ABOVE	98	0.655	1,89,33,885	71.910



## Dematerialization of Shares and liquidity

As on March 31, 2020, almost 90.35 % of the company's paid up Equity Share Capital is in dematerialized form and balance 9.6589% is in physical form. The Company's Registrar is M/s S.K.D.C. Consultants Ltd., having their registered office at Kanapathy Towers, 3rd Floor, 1391/A1, Sathy Road, Ganapathy, Coimbatore-641 006. 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.

## 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.

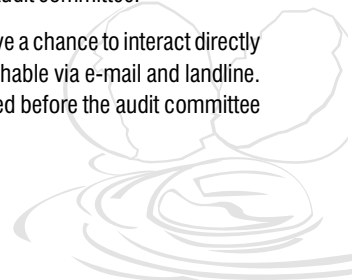
A statement of all related party transactions is presented before the audit committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

- b) Details of non-compliance by the company, penalties, 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.skmeegg.com](http://www.skmeegg.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.skmeegg.com](http://www.skmeegg.com)

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

During the financial year ended 31/03/2020, 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 ongoing process within the company. The assessment is periodically examined by the board.

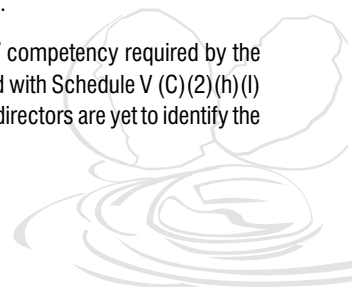
- j) Credit Rating:

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)(l) 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.

## **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 29th June 2020 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 for 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 2019-20.

Managing Director

★ ★ ★ ★ ★



## 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 2020, 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..

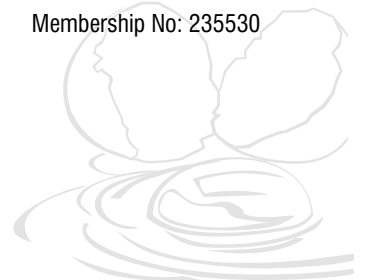
We state that no investor grievance is pending for period exceeding one month against the company, as per the records maintained by the stakeholders relationship committee.

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.

Place : Erode  
Date : 13.08.2020

Sd/-  
**N Prasanna Venkatesan**  
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](http://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 2020 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 : 12.08.2020

**V Ramkumar**  
Company Secretary in Practice  
FCS No: 8304  
CP3832  
UDIN : F008304B000572989

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**CSR REPORT**

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

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](http://www.skmeegg.com).

2. The Composition of the CSR Committee.

Shri. L.M. Ramakrishnan                      Independent Director  
 Smt. S. Kumutaavalli                        Non Executive Director  
 Shri. C. Devarajan                            Independent Director  
 Shri. D. Venkateswaran                      Independent Director

3. Average net profit of the company for last three financial years                      Rs. 3,97,47,691/-

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above)                      Rs. 7,94,954/-

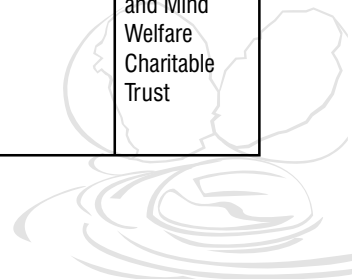
5. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year;                      Rs. 7,94,954/-

(b) Amount unspent, if any; Nil

(c) Manner in which the amount spent during the financial year is detailed below.

1	2	3	4	5	6	7	8
S 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 the reporting period	Amount spent: Direct or through implementing agency
1.	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	20,34,067/-	Direct expenditure on projects or programs Adoption of 2 Villages Rajeev Nagar and Gandhi Nagar and providing them medical relief and providing education.	1,76,15,531/-	Implementing Agency - SKM Health and Mind Welfare Charitable Trust



6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. Not Applicable.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company Certified that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

\*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;

### **CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR Policy) OF THE COMPANY**

#### **CONCEPT**

The Company's philosophy on Corporate Social Responsibility (CSR) is that "as the organization grows, the society and community around it should also grow".

#### **VISION**

The Company's vision is to contribute to the social and economic development of the communities in which it operates, resulting in building a better and sustainable way of life for the society at large.

#### **LEGAL REQUIREMENT**

Pursuant to Section 135 of the Companies Act, 2013 (hereinafter referred to as "the said act") read with Companies (Corporate Social Responsibility) Rules, 2014, the company is required to formulate a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the said act and the expenditure to be incurred thereon, excluding activities under taken in pursuance of normal course of business of a company. The company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities. CSR activities do not include the activities undertaken in pursuance of normal course of business of the company. The surplus arising out of the CSR projects or programs or activities, if any, shall not form part of the business profit of a company

#### **APPLICABILITY**

This Corporate Social Responsibility policy (CSR Policy) shall apply to all CSR initiatives and activities taken up at various factories and other locations of **SKM Egg Products Export (India) Limited** for the benefit of different segments of society.



## OBJECTIVES

The objective of the CSR Policy is to -

- a) Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognising the interests of all its stakeholders.
- b) To directly or indirectly take up programmes that benefit the communities in & around its factory locations and results, over a period of time, in enhancing the quality of life & economic well-being of the local populace.
- c) To generate, through its CSR initiatives, a community goodwill for the company and help reinforce a positive & socially responsible image of the company as a corporate entity.

## AREAS OF INITIATIVES

Over the years the Company or Group has been involved in a number of community-focused activities, in the areas of health, education and preservation of the country's rich culture and heritage. Continuing the tradition, it is recommended that the Company may focus primarily on the following activities to be referred to as "**CSR activities**":

- a) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- b) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- c) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups
- d) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
- e) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- f) Measures for the benefit of armed forces veterans, war widows and their dependents;
- g) Training to promote rural sports, nationally recognised sports, Paralympics sports and Olympic sports;
- h) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;





- i) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- j) Rural development projects;
- k) Slum area development; and
- l) Such other activities and projects covered in Schedule VII to the Companies Act 2013 from time to time.

### EXPENDITURE

It shall be the endeavour of the Company to spend in every financial year at least 2% of the average net profits of the Company made during the three immediately preceding financial years for its CSR activities.

### IMPLEMENTATION PROCESS

The CSR activities may be undertaken either directly by the Company or through a registered trust or a registered society or a company established by the Company or its subsidiary or associate company or through any other trust, society or company which shall have an established track record of 3 years in undertaking similar programmes or projects.

The Company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes.

The projects or programmes undertaken under the CSR Policy shall be monitored by the CSR Committee on a periodical basis.

The surplus arising out of CSR projects or programmes or activities shall not form part of the business profits of the Company.

The CSR expenditure shall include all expenditure including contribution to corpus, for projects or programmes relating to CSR activities.

### CSR REPORTING

The CSR Policy and the annual report on CSR activities shall be reported as statutorily required and as warranted, such as Annual Reports and Company's website, if any.

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### FORM NO. AOC.2

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 arms length transactions under third proviso thereto

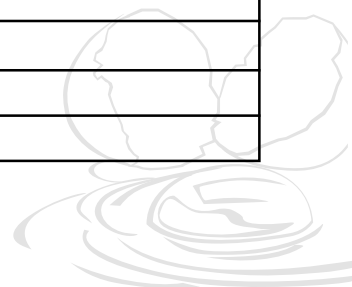
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

#### 1. Details of contracts or arrangements or transactions not at arm's length basis

No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NIL
b)	Nature of contracts/arrangements/transaction	NIL
c)	Duration of the contracts/arrangements/transaction	NIL
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NIL
e)	Justification for entering into such contracts or arrangements or transactions'	NIL
f)	Date of approval by the Board	NIL
g)	Amount paid as advances, if any	NIL
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NIL

#### 2. Details of contracts or arrangements or transactions at Arm's length basis.

S No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	SKM Universal Marketing Company India Private Ltd Common Directors SKM Siddha and Ayurvedha Company (India) Pvt Ltd
b)	Nature of contracts/arrangements/transactions	Egg Purchase, Egg sales, Wind Power Purchase, Feed Sales & Purchase of feed supplementary
c)	Duration of the contracts/arrangements/transaction	Whole year
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NIL
e)	Date of approval by the Board	Every Quarter
f)	Amount paid as advances, if any	NIL
g)	Amount paid as advances, if any	NIL



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

<b>PARTICULARS</b>	<b>2019-2020</b>	<b>2018-2019</b>
<b>(I) POWER AND FUEL CONSUMPTION</b>		
<b>(1) Electricity</b>		
<b>a. Purchased units (Kwh)</b>	82,62,502	81,37,880
Total Amount (Rs.)	6,32,78,438	6,15,10,341
Rate / Unit (Rs.)	7.66	7.56
<b>b. Own Generation through Diesel Generator</b>		
Units (Kwh)	3,64,500	3,86,678
Total Amount	60,70,150	65,92,289
Units per litre of Diesel Oil	3.29	3.35
Cost/Unit (Rs.)	16.65	17.05
<b>(2) Furnace Oil</b>		
Quantity (Litres)	76,300	1,96,000
Total Cost (Rs.)	23,88,865	64,53,174
Average Rate (Rs.)	31.31	32.92
<b>(3) Coal</b>		
Quantity (Metric Tons)	7,488	8,563
Total Cost (Rs.)	4,11,05,703	4,80,59,565
Average Rate (Rs.)	5,489	5,613
<b>(II) CONSUMPTION PER UNIT OF PRODUCTION</b>		
Product - Egg Powder (Metric Tons)	5,404	5,407
Electricity (Rs. Per Metric Tons)	12,833	12,595
Fuel (Rs. Per Metric Ton)	8,049	10,082
<b>FOREIGN EXCHANGE EARNINGS AND OUTGO : (Rs. In lacs)</b>		
Earnings :	18,238	21,944
Outgo :	729	857

## CONSERVATION OF ENERGY:

The following Power saving Technique implemented during the year

1. Variable frequency drives are introduced to save the power and maintenance cost in following areas.
  - a) WTP Process water pump
  - b) Boiler feed water pump
  - c) Albumen dryer Inlet Fan motor
  - d) Albumen dryer Exhaust Fan motor
2. Coal Boiler Furnace Crate Bed converted to Nozzle bed to reduce Fuel consumption.

## RESEARCH AND DEVELOPMENT:

### Frozen Whole egg liquid:

Whole egg liquid-Frozen with the shelf life of 12 months stored @ -18°C developed with and without additives .

### Egg albumin liquid - Whip

Pasteurized egg albumin liquid with whippability developed for confectionary applications with a shelf life of 6 months stored at 4°C as requested by a customer in Thailand.

### Egg yolk liquid with salt-High color

Pasteurized egg yolk liquid with darker color yolk developed for mayonnaise application with a shelf life of 3 months stored at 4°C.

### Stabilized egg yolk liquid with salt

Pasteurized and enzyme treated egg yolk liquid with salt for mayonnaise application which can withstand a high temperature. We have exported this product to Oman.

### Protein drink mix :

Health drink developed using egg albumin powder for diabetic patients..

### Flavoured egg liquid:

Fruit drink [Mango and banana] developed using egg albumin liquid for the domestic market.

### Egg nuggets - Frozen

Developed Frozen egg nuggets as per the request of a customer from Kerala.

Date :13.08.2020

Place : Erode

For and on behalf of the Board of Directors

Sd/-  
Maeilanandhan SKM  
Chairman of the Board  
DIN: 00002380

★★★★★



**FORM MGT - 9**

**EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2020**  
**[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies**  
**(Management and Administration) Rules, 2014]**

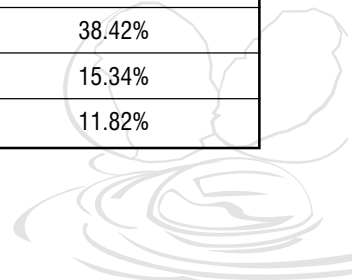
**I. REGISTRATION AND OTHER DETAILS**

CIN	L01222TZ1995PLC006025
Registration Date	06/04/1995
Name of The Company	M/s SKM Egg Products Export (India) Limited
Category / Sub Category of the Company	Company Limited by shares / India-non Government Company
Address of the Registered Office and Contact Details	No. 133,133/1, Gandhiji Road, Erode - 638 001, Tamilnadu shares@skmegg.com Ph:0424-2351532 Fax:0424-2351531
Whether Listed Company : Yes/No	Yes The National stock Exchange of India Limited BSE Limited
Name, Address and contact details of Registrar & Transfer Agents (RTA), if any	S.K.D.C. Consultants Ltd, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy,Coimbatore, Tamil Nadu, 641 006.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

S.No	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Egg Albumin Powder	10799	16.27%
2	Egg Yolk Powder	10799	38.42%
3	Whole Egg Powder	10799	15.34%
4	Shell Egg	01462	11.82%



## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S.No.	Name and Address of The Company	Holding / Subsidiary / Associate	% of Shares Held	Applicable Sections of Companies Act, 2013
1.	SKM Europe BV, Utrecht, The Netherlands	Subsidiary	85% (15300 Shares)	2(87)
2.	SKM Universal Marketing Company India Private Limited	Associate	26% (789700 Shares)	2(6)

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Share Holding

Category of Share-holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total share	Demat	Physical	Total	% of total share	
A. Promoters									
(1) Indian									
Individual/HUF	1,20,96,477	NIL	1,20,96,477	45.94	1,23,81,477	NIL	1,23,81,477	47.02	1.08
Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
State Govt	19,95,800	NIL	19,95,800	7.58	19,95,800	NIL	19,95,800	7.58	0
Bodies Corp	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Banks/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Any other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub Total</b>	<b>1,40,92,277</b>	<b>NIL</b>	<b>1,40,92,277</b>	<b>53.52</b>	<b>1,43,77,277</b>	<b>NIL</b>	<b>1,43,77,277</b>	<b>54.60</b>	<b>1.08</b>
A. (1)									
(2) Foreign									
a) NRIs-Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Category of Share-holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total share	Demat	Physical	Total	% of total share	
e) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub Total A(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Share holding of Promoter(A) = (A1) + (A2)	<b>1,40,92,277</b>	<b>NIL</b>	<b>1,40,92,277</b>	<b>53.52</b>	<b>143,77,277</b>	<b>NIL</b>	<b>1,43,77,277</b>	<b>54.60</b>	<b>1.08</b>
B. Public Shareholding									
1. Institutions									
a) Mutual Fund									
b) Banks/Fl	13955	0	13955	0.05	4608	0	4608	0.02	0.03
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	13955	0	13955	0.05	4608	0	4608	0.02	0.03
B2)CGo vt/S Govt/President of I ndia	0	0	0	0	0	0	0	0	0

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Category of Share-holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total share	Demat	Physical	Total	% of total share	
B 3. Non Institution									
a) Bodies Corp									
i.Indian	510467	2500	512967	1.948	412460	2500	414960	1.576	-0.372
ii.Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	56,11,197	14,05,562	70,16,759	26.649	54,56,340	13,43,362	67,99,702	25.825	-0.824
ii) Individual shareholders holding nominal share capital in excess Rs. 1 lakh	2052904	98,200	2151104	8.170	23,20,584	97800	24,18,384	9.185	1.015
c) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
d) Others (specify)									
(d-i) Trusts	0	0	0	0	0	0	0	0	0
(d-ii) Directors & their relatives	11,500	5,005	16,505	0.063	11,500	5,005	16,505	0.063	0
(d-iii) Non Resident Indians	10,17,698	0	10,17,698	3.865	9,27,525	0	9,27,525	3.523	-0.342
(d-iv) Overseas corporate bodies	0	10,92,100	10,92,100	4.148	0	10,92,100	10,92,100	4.148	0
(d-v) Clearing Members	203100	0	203100	0.771	91774	0	91774	0.349	-0.422
(d-vi) Hindu undivided Families	213535	0	213535	0.811	187165	0	187165	0.711	-0.100

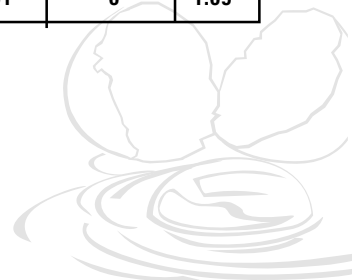


# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total share	Demat	Physical	Total	% of total share	
Sub-total (B) (3)	96,20,401	26,03,367	12223768	46.425	94,07,348	2540767	11948115	45.378	-1.047
<b>Total Public Share holding of Promoter (B) = (B1) + (B2) (B3)</b>	<b>96,34,356</b>	<b>26,03,367</b>	<b>1,22,37,723</b>	<b>46.478</b>	<b>94,11,956</b>	<b>2540767</b>	<b>11952723</b>	<b>45.396</b>	<b>-1.082</b>
<b>C. Shares held by Custodian GDR &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total</b>	<b>2,37,26,633</b>	<b>2603367</b>	<b>26330000</b>	<b>100</b>	<b>23789233</b>	<b>2540767</b>	<b>26330000</b>	<b>100</b>	<b>0</b>

## (ii) Shareholding of Promoters

S. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding-during the year
		No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	SKM Shree Shivkumar	1,20,86,472	45.90	0	1,23,71,472	46.99	0	1.09
2.	S.Kumutaavalli	10,005	0.04	0	10,005	0.04	0	0
3.	TIDCO	19,95,800	7.58	0	19,95,800	7.58	0	0
	<b>TOTAL</b>	<b>1,40,92,277</b>	<b>53.52</b>	<b>0</b>	<b>14377277</b>	<b>54.61</b>	<b>0</b>	<b>1.09</b>



## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares%	of total shares of the company	No. of shares	% of total shares of the company
1.	SKM Shree Shivkumar				
	Date	Buy/Sell			
	06.03.2020	Buy	1,20,86,472	45.90	1,20,86,472
	11.03.2020	Buy	3,000	0.011	1,20,89,472
	12.03.2020	Buy	1,000	0.004	1,20,90,472
	13.03.2020	Buy	28,000	0.106	1,21,18,472
	16.03.2020	Buy	19,000	0.072	1,21,37,472
	17.03.2020	Buy	22,000	0.084	1,21,59,472
	18.03.2020	Buy	7,000	0.0266	1,21,66,472
	19.03.2020	Buy	25,000	0.095	1,21,91,472
	20.03.2020	Buy	26,000	0.099	1,22,17,472
	23.03.2020	Buy	25,500	0.097	1,22,42,972
	24.03.2020	Buy	45,000	0.171	1,22,87,972
	25.03.2020	Buy	27,500	0.104	1,23,15,472
	26.03.2020	Buy	24,000	0.091	1,23,39,472
	27.03.2020	Buy	17,000	0.065	1,23,56,472
			15,000	0.057	1,23,71,472
	At the End of the year				1,23,71,472
					46.99

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No	For each of top 10 shareholders	Shareholding at the beginning of the year 01.04.2019		Shareholding at the end of the year 31.03.2020	
		No. of Shares	%	No. of Shares	%
1	BELOVO ENGINEERING S.C.	1092100	4.148	1092100	4.148
2	MALATHY V	451753	1.716	645353	2.451
2	V. MALATHY	400	0.002	0	0.000
3	SUBODH N PUROHIT	203500	0.773	203500	0.773
4	RAENA REDDY	0	0.000	192149	0.730
5	CHARTERED FINANCE & LEASING LIMITED	0	0.000	125000	0.475
6	NITIN PACHARE	109000	0.414	109000	0.414
7	VENKATACHALAPATHY S M	66005	0.251	78505	0.298
8	HIRJI EDDIE NAGARWALLA	76985	0.292	77985	0.296
9	S RAVINDRA KAMATH	75000	0.285	75000	0.285
10	K RAMASAMY	0	0.000	65000	0.247

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No	For each of top 10 shareholders	Shareholding at the beginning of the year 01.04.2019		Shareholding at the end of the year 31.03.2020	
		No. of Shares	%	No. of Shares	%
11	UNIFI FINANCIAL PVT LTD	77866	0.296	51893	0.197
12	PACE STOCK BROKING SERVICES PVT LTD	125501	0.477	0	0.000
12	PACE STOCK BROKING SERVICES PVT LTD	1	0.000	1	0.000
13	SARATH CHANDRA REDDY. K	194781	0.740	0	0.000
14	SUNITA AGGARWAL	144746	0.550	0	0.000

(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	For Each of the Directors and KMP	Shareholding beginning of the year		Cumulative Shareholding during the year the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Shri.SKM Maeilanandhan, Chairman				
	At the beginning of the year	-	-	-	-
	Datewise Decrease	-	-	-	-
	At the End of the year	NIL	NIL		
2.	Shri.SKM Shree Shivkumar, Managing Director				
	At the beginning of the year	1,20,86,472	45.90	-	-
	At the End of the year	1,23,71,472	46.99		
3.	Smt .S Kumutaavalli, Director				
	At the beginning of the year	10005	0.03	-	-
	Datewise Increase	-	-	-	-
	At the End of the year	10005	0.03		
4.	Dr.L.M.Ramakrishnan- Non Executive Independent Director				
	At the beginning of the year	5000	0.019	Nil	Nil
	Datewise Increase/decrease	Nil	NIL	NIL	NIL
	At the End of the year	5000	0.019		

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

S. No.	For Each of the Directors and KMP	Shareholding beginning of the year		Cumulative Shareholding during the year the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5.	Shri.C.Devarajan- Non Executive Independent Director				
	At the beginning of the year	NIL	Nil	NIL	NIL
	Datewise Increase/Decrease	Nil	NIL	NIL	NIL
	At the End of the year	NIL	NIL		
6.	Shri.TN Thirukumar- Non Executive Independent Director				
	At the beginning of the year	-	-		
	Decrease	-	-	-	-
	At the End of the year	-	-		
7.	Shri.GN Jayaram- Non Executive Independent Director				
	At the beginning of the year	-	-	-	-
	Datewise Increase/Decrease	-	-	-	-
	At the End of the year	-	-		
8.	Shri.D.Venkateswaran- Non Executive Independent Director				
	At the beginning of the year	-	-	-	-
	Datewise Increase/Decrease	-	-	-	-
	At the End of the year	-	-		
9.	Shri. B Ramakrishnan-Nominee Director				
	At the beginning of the year	-	-	-	-
	Datewise Increase/Decrease	-	-	-	-
	At the End of the year	-	-		
	Other Key Managerial Persons:-				
10.	Shri.K.S.Venkatachalapathy, Chief Financial Officer				
	At the beginning of the year	-	-	-	-
	Datewise Increase/Decrease	-	-	-	-
	At the End of the year	-	-		
11.	Shri.PSekar, Company Secretary				
	At the beginning of the year	-	-	-	-
	Datewise Increase/Decrease	-	-	-	-
	At the End of the year	-	-		

# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	43,52,93,014	-	-	43,52,93,014
ii) Interest due but not paid				-
iii) Interest accrued but not due				-
<b>TOTAL (i+ii+iii)</b>	<b>43,52,93,014</b>	<b>-</b>	<b>-</b>	<b>43,52,93,014</b>
Changes in Indebtedness during the Financial Year				
Addition	22,53,84,046	-	-	22,53,84,046
Reduction	89,02,424	-	-	89,02,424
Net Change	21,64,81,622	-	-	21,64,81,622
Indebtedness at the end of the financial year				
i) Principal Amount	65,17,74,636	-	-	65,17,74,636
ii) Interest due but not paid				-
iii) Interest accrued but not due				-
<b>TO TAL (i+ii+iii)</b>	<b>65,17,74,636</b>	<b>-</b>	<b>-</b>	<b>65,17,74,636</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:

Sl. No.	Particulars of Remuneration	Shri. SKM. Shree Shivkumar Managing Director	Shri.SKM. Maeilanandhan Executive Director	Total Amount
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,57,92,960	29,26,000	1,87,18,960
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2,13,993	1,16,730	3,30,723
	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
	<b>Total</b>	<b>1,60,06,953</b>	<b>30,42,730</b>	<b>1,90,49,683</b>
	Based on effective Capital			

**B. REMUNERATION TO OTHER DIRECTORS**

Sl. No.	Particulars of Remuneration Independent Directors	Names of Directors (Independent Directors)					Total Amount
		Dr.L.M. Rama krishnan	Mr.C. Devarajan	Mr.M. Chinnian	Mr.P Kumara samy	Mr.D.Ven- kates- waran	
	Fee for attending board committee meetings	12,000	6,000	6,000	9,000	15,000	48,000
	Commission	-	-	-	-	-	
	Total(1)	12,000	6,000	6,000	9,000	15,000	48,000
	4. Other Non Executive Directors	Names of Non Executive Directors					
		Mr.S.M. Venkata chala pathy	Smt.S. Kumutaa valli	Mr B. Rama- krishnan	Mr. T.N. Thiru- Kumaran	Mr. G.N. Jaya- raman	
	Fee for attending board committee meetings	6,000	9,000	12,000	6,000	9000	
	Commission	-	-	-	-	-	
	Others, please specify	6,000	9,000	12,000	6,000	9000	42,000
	Total (2)						90,000
	Total (B)=(1+2)						1,91,39,683



# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL

in Rs.

Sl. No.	Particulars of Remuneration	Shri.K.S.Venkatachalapathy Chief Financial Officer	Shri. P Sekar, Company Secretary	Total Amount
	Gross Salary			
	(A) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	26,66,625.00	6,28,980.00	32,95,605.00
	(B) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
	Stock Option	-	-	-
	Sweat Equity	-	-	-
	Commission as % Profit	-	-	-
	Others, please specify	-	-	-
	Total	26,66,625.00	6,28,980.00	32,95,605.00

## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES - NIL



**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**

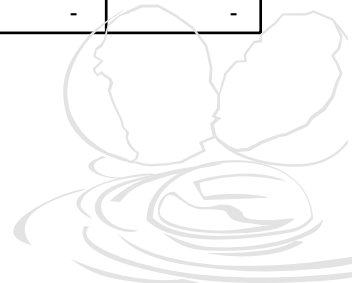
**Part “A”: Subsidiaries**

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

Sl. No.	Particulars	Details	
		INR (Rs)	EURO
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%	
	<b>Particulars</b>	<b>INR (Rs)</b>	<b>EURO</b>
6.	Equity Share capital	9,79,740	18,000
7.	Other Equity	2,96,23,573	4,69,081
8.	Total assets	16,95,28,223	21,65,526
9.	Total Liabilities	13,89,24,910	16,78,445
10.	Investments	-	-
11.	Revenue from Operations	56,07,51,440	71,13,065
12.	Profit before taxation	10,48,819	14,492
13.	Provision for taxation	-	-
14.	Profit after taxation	10,48,819	14,492
15.	Other Comprehensive Income	(15,35,103)	-
16.	Total Comprehensive Income	(4,86,284)	14,492
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.





# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

## 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	SKM Universal Marketing Company India Private Limited
2	Latest audited Balance Sheet Date	
3	Date on which the Associate was associated or acquired	31-03-2019
4	Shares of Associate or Joint Ventures held by the company on the year end	01-04-2010
	(I) Number of shares	7,89,700
	(ii) Amount of Investment in Associates	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 31.03.2019)	Rs. 2,70,89,245
8	Profit / (Loss) for the year 2019-20 (Unaudited) of the company	(Rs. 2,68,13,462)
	(I) Considered in Consolidation (26%)	(Rs. 69,71,500)
	(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

**SKM SHREE SHIVKUMAR**  
Managing Director

**K.S.VENKATACHALAPATHY**  
Chief Financial Officer

**P. SEKAR**  
Company Secretary

★★★★★



**MANAGEMENT DISCUSSION AND ANALYSIS**

Key factors which features the performance of the Company:

01. The Company recorded revenue of Rs.29,307 lakhs (including other income of Rs.2068 lakhs) for the year ended 31st March,2020 as against Rs.29,497 lakhs (including other income of Rs.859 lakhs) in the previous year ended 31st March,2019.
02. The Profit before tax was at Rs.815 lakhs for the year ended 31st March,2020 as compared to Rs.723 lakhs during the corresponding in the last year.
03. The Net Profit was at Rs.525 lakhs as on 31st March,2020 as against Rs.628 lakhs in the previous year.
04. The quantity sold during the year 2019-20 stood at 6831 Tons, when compared to 6420 Tons during the previous year ended 31st March,2019.

Capital expenditure and funding:

01. The Capital Expenditure incurred and funded for the year is Rs.686 lakhs of which Rs.570 lakhs pertain to plant and machinery.
02. During the year under review, your company has sold/deleted/adjusted assets worth Rs.8 lakhs.

**CORPORATE GOVERNANCE**

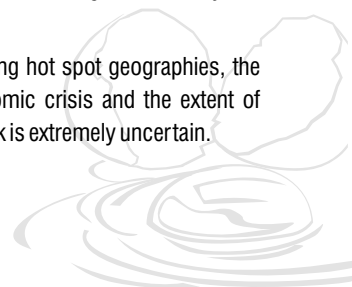
- A detailed report on corporate governance together with a certificate from the Statutory Auditors, in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as part of this report.
- Compliance reports in respect of all laws applicable to the Company have been reviewed by the Board of Directors.

**OUTLOOK AND FUTURE PROSPECTUS**

The beginning of 2020 has witnessed the global spread of COVID-19. Global threat from COVID-19 is continuing to grow, and at a rapidly accelerating rate. As our company is an 100% EOU, the global impact is to be looked out for our business as Governments in many countries announced lockdowns and asked people to stay indoors. Around the world, these coronavirus lockdowns have driven professional and social life out of the physical world and into the virtual realm. The economic fallouts of this is still difficult to assess as the situation is still evolving. The human impact of the virus and the containment efforts have resulted in supply and demand disruptions, resulting in a sharper growth deceleration.

We stand united with the nation in the fight against COVID-19 as we navigate our way through these dynamic uncertain times together. Our focus remains on safety of our people, protecting supply lines, serving demand, contributing to the society and optimising cost and cash.

However, the situation remains volatile with the trajectory of the virus undetermined, evolving hot spot geographies, the success of containment measures uncertain, the severity and duration of resulting economic crisis and the extent of structural damage unknown. There are many unknowns today and hence, the near-term outlook is extremely uncertain.



# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

## **SALES AND MARKETING:**

This 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, Far East, South East and Middle East Asian countries successfully. Since we are maintaining good relationship with customers, consistency in quality and timely delivery, we are able to maintain our success by getting repeat orders for the past 24 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 sells our products at competitive prices where quality of our products is at par with 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 exporting around 60% of our egg yolk powder variants to Russia only.

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. A new customer in Thailand has already approved our Frozen Egg Albumen and buying our product regularly. Like that now we have submitted sample of liquid and powder product to Philippines and Malaysia customers, and they approved the same. We expect to start shipments to these destination around end of this year. Re-entered Saudi Arabia market also and started supplying egg powder from April '20 onwards. Apart from this our samples are approved by Iran customers also, expect to start shipments shortly (if the regulation allow).

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

Now we are working to enter into the news markets of Africa, Singapore, etc., also working to identify more customers in Nigeria, Russia, 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 propose to go for pan India basis in the coming years.

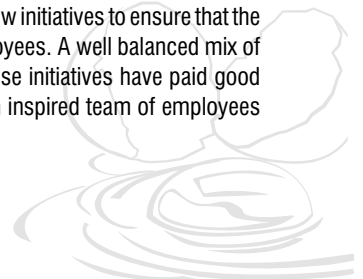
## **SUBSIDIARY COMPANY:**

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

## **HUMAN RESOURCES:**

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

★★★★★



**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31st March, 2020**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

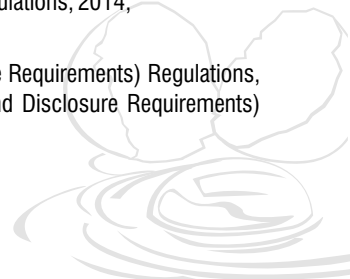
To  
The Members,  
SKM Egg Products Export (India) Limited,  
No 133, 133/1, Gandhiji Road, Erode - 638 001.

IV. 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 2020, 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, 2020 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;
  - 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.

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 : 12.08.2020  
Place : Coimbatore

**V. Ramkumar**  
FCS No. 8304  
C P No. 3832  
UDIN: F008304B000573033

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## 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 - 638 001.

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

1. Maintenance of secretarial records, devising proper systems to ensure compliance with the provisions of all applicable laws and regulations and ensuring that the systems are adequate and operate effectively, are the responsibilities of the management of the Company. My responsibility is to express an opinion on these secretarial records, systems, standards and procedures, based on audit.
2. I 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 the correct facts are reflected in the secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the management's representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Secretarial Audit Report is neither a 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.

Date : 12.08.2020  
Place : Coimbatore

**V. Ramkumar**  
FCS No. 8304  
C P No.3832

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**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. Draft and signed minutes of the Board and committee meetings were not circulated within 15 days of the conclusion of the respective meetings and signing of meetings respectively.
3. The minutes pertaining to the CSR committee meetings were not made available to the auditor and hence could not be verified.

Date : 12.08.2020  
Place : Coimbatore

**V. Ramkumar**  
FCS No. 8304  
C P No. 3832  
UDIN: F008304B000573033

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**Information pursuant to Section 197 of the Act read with Rule 5(1) of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- a. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary during the financial year 2019-20 and Ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year 2019-20:

<b>Name of the Director / Key Managerial Personnel</b>	<b>% increase in remuneration in the Financial Year 2019-2020</b>	<b>Ratio of the remuneration to the median remuneration of the employees</b>
Shri SKM Maeilanandhan (Chairman)	-----	1:7.55
Shri SKM Shree Shivkumar (Managing Director)	-----	1:40
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)	5.43	1:6.5
Shri.P.Sekar (Company Secretary)	7.74	1:1.6

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 2019-20: 9%
- c. The number of permanent employees on the rolls of company: 179
- 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: Nil

The average decrease in the salaries of employees other than the managerial personnel in 2019-20 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 : 13.08.2020

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## 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, 2020, 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").

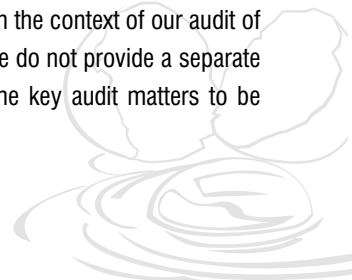
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting 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, 2020; the Profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

##### Basis for Opinion:

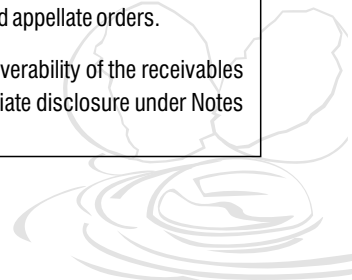
We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We 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.



S No	Key Audit Matter	Auditor's Response
1	<p><b>Inventory Existence and Valuation:</b></p> <p>As on 31st March 2020, the Company carries inventories to the tune of Rs.70.41 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 &amp; 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"> <li>● 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.</li> <li>● 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</li> <li>● Reviewed the internal audit report regarding physical verification of inventories and traced adjustments on sample basis.</li> <li>● Comparative analysis of inventory as at the end of the year with the inventory at the beginning of the year.</li> <li>● 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.</li> </ul>
2	<p><b>Recoverability of Direct tax receivables:</b></p> <p>The company has certain income tax refund receivables on account of the verdict by the appellate authorities.</p>	<ul style="list-style-type: none"> <li>● Obtained the details of completed income tax assessments and demands/refunds as on 31.03.2020 from the management.</li> <li>● We have also reviewed the company's correspondences and appellate orders.</li> <li>● Ascertained the recoverability of the receivables and ensured appropriate disclosure under Notes on accounts.</li> </ul>



S No	Key Audit Matter	Auditor's Response
3	<p><b>Evaluation of Contingent liabilities:</b></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.ç                      Obtained the details of completed indirect tax assessments and demands as on 31.03.2020 from the management.</p>	<ul style="list-style-type: none"> <li>• 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</li> <li>• 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.</li> <li>• Ascertained the chances of crystallization of liability are probable / possible / remote and ensured appropriate disclosure under Notes on accounts.</li> </ul>

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

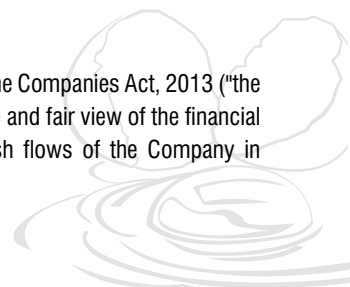
The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance Report, and Shareholder 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.

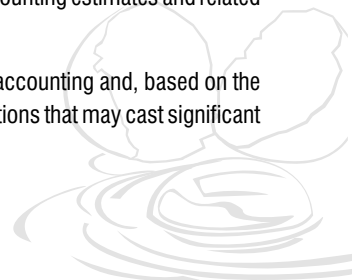
Those Board of Directors are also responsible for overseeing the company's financial reporting process.

### **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.

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)(l) 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.20,83,22,611/- as at 31st March, 2020 and total revenues of Rs.61,85,04,499/- 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.

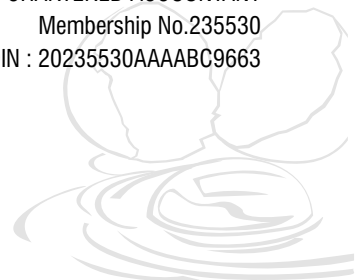


- c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us.
  - d) 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, 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:
    - 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 : 29.06.2020  
Place : Erode

**N. PRASANNA VENKATESAN**  
CHARTERED ACCOUNTANT  
Membership No.235530  
UDIN : 20235530AAAABC9663

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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 2020 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 2020, 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 : 29.06.2020

Place : Erode

**N. PRASANNA VENKATESAN**

CHARTERED ACCOUNTANT

Membership No.235530

UDIN : 20235530AAAABC9663

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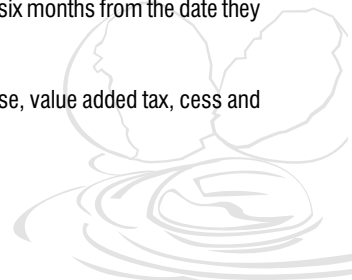
## "ANNEXURE B"

### 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

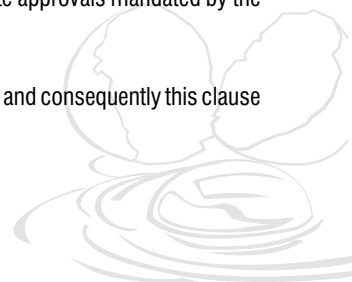
As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we report that,

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, 2020 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, 2020 are given below:



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.



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 : 29.06.2020  
Place : Erode

**N. PRASANNA VENKATESAN**  
CHARTERED ACCOUNTANT  
Membership No.235530  
UDIN : 20235530AAAABC9663

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# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

## STANDALONE BALANCE SHEET AS AT 31.03.2020

CIN : L01222TZ1995PLC006025

(in ₹)

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
<b>I. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	3(a)	64,65,66,193	62,43,84,516
(b) Capital work-in-progress	3(b)	2,56,83,253	4,88,73,446
(c) Financial Assets			
(i) Investments	4(a)	1,26,78,351	1,26,78,351
(ii) Loans	4(b)	2,13,53,261	2,15,78,876
<b>(2) Current assets</b>			
(a) Inventories	5	70,40,97,318	42,86,56,723
(b) Financial Assets			
(i) Trade receivables	6(a)	15,02,28,818	12,65,49,802
(ii) Cash and cash equivalents	6(b)	21,47,28,071	23,20,54,117
(iii) Bank balances other than (ii) above	6(c)	41,64,204	31,36,558
(iv) Loans	6(d)	2,72,56,670	3,20,46,108
(v) Other Financial Assets	6(e)	2,50,00,000	2,50,00,000
(c) Other current assets	7	5,50,34,620	8,30,25,007
<b>Total Assets</b>		<b>1,88,67,90,759</b>	<b>1,63,79,83,506</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	8(a)	26,33,00,000	26,33,00,000
(b) Other Equity	8(b)	71,84,49,286	68,18,34,735
<b>LIABILITIES</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	9	2,58,71,845	3,56,21,984
(b) Provisions	10	58,69,260	54,87,449
(c) Deferred tax liabilities (Net)	11	6,56,55,731	6,57,76,658
<b>(2) Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	12(a)	61,60,50,541	39,06,66,495
(ii) Trade payables	12(b)		
(A) total outstanding dues of micro enterprises and small enterprises; and		7,69,163	49,15,273
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		15,03,81,882	15,40,57,847
(iii) Other financial liabilities	12©	1,40,16,454	1,21,41,092
(b) Other current liabilities	13	1,78,32,597	1,03,31,124
(c) Provisions	14	85,94,000	1,38,50,848
<b>Total Equity and Liabilities</b>		<b>1,88,67,90,759</b>	<b>1,63,79,83,506</b>

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 MAEILANANDAN**  
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.A36565

Place : Erode  
Date : 29.06.2020

# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

## STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31.03.2020

CIN : L01222TZ1995PLC006025

(in ₹)

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
Revenue from operations	17	2,72,39,04,621	2,86,37,88,040
Other Income	18	20,67,80,261	8,59,22,546
<b>Total Income</b>		<b>2,93,06,84,881</b>	<b>2,94,97,10,586</b>
<b>EXPENSES</b>			
Cost of materials consumed	19	1,91,87,44,172	1,83,53,51,639
Purchases of Stock-in-Trade	20	39,29,66,922	39,82,23,269
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	21	(16,72,94,354)	(1,43,02,691)
Employee benefits expense	22	16,24,91,102	14,18,72,031
Finance costs	23	5,96,79,662	4,24,71,841
Depreciation and amortization expense	24	14,15,06,278	10,87,70,101
Other expenses	25	34,10,72,921	36,49,96,918
<b>Total expenses</b>		<b>2,84,91,66,702</b>	<b>2,87,73,83,108</b>
<b>Profit/(loss) before tax</b>		<b>8,15,18,180</b>	<b>7,23,27,478</b>
Tax expense:			
(1) Current tax	26 (I)	2,92,88,240	2,27,35,052
(2) Deferred tax	26 (ii)	(7,93,578)	(1,09,19,273)
<b>Profit / (loss) for the period</b>		<b>5,30,23,517</b>	<b>6,05,11,699</b>
<b>Other Comprehensive Income</b>			
(A) Items that will not be reclassified to Statement of Profit and loss			
(i) Remeasurement of Defined Benefit Plans		(7,59,872)	31,77,738
(ii) Income tax relating to items that will not be reclassified to Statement of Profit and loss		(2,11,396)	8,84,047
(B) Items that will be reclassified to Statement of Profit and loss		-	-
<b>Total Comprehensive Income for the year</b>		<b>5,24,75,042</b>	<b>6,28,05,390</b>
Earning per equity share of face value Rs.10 each	27		
Basic (in Rs)		2.01	2.30
Diluted (in Rs)		2.01	2.30

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 MAEILANANDAN**  
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.A36565

Place : Erode  
Date : 29.06.2020

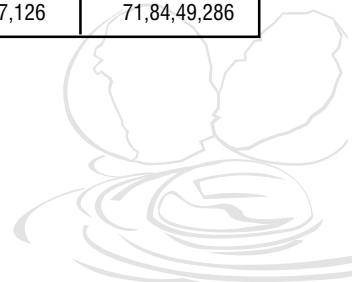
**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**  
**Statement of Changes in Equity**

**A. Equity Share Capital**

<b>Balance at the beginning of the reporting period (i.e. 1st April, 2019)</b>	<b>Changes in equity share capital during the year 2019-20</b>	<b>Balance at the end of the reporting period (i.e. 31st March, 2020)</b>
26,33,00,000	-	26,33,00,000
<b>Balance at the beginning of the reporting period (i.e. 1st April, 2018)</b>	<b>Changes in equity share capital during the year 2018-19</b>	<b>Balance at the end of the reporting period (i.e. 31st March, 2019)</b>
26,33,00,000	-	26,33,00,000

**B. Other Equity**
**As on 31st March 2020**

<b>Particulars</b>	<b>Reserves &amp; Surplus</b>				
	<b>Securities Premium</b>	<b>General Reserve</b>	<b>Retained Earnings</b>	<b>Other Comprehensive Income</b>	<b>Total</b>
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



# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

As on 31st March 2019

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, 2018)	4,00,692	4,32,812	62,88,04,420	52,51,910	63,48,89,835
Total Comprehensive Income for the year	-	-	6,05,11,699	22,93,691	6,28,05,390
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, 2019)	4,00,692	4,32,812	67,34,55,629	75,45,602	68,18,34,735

as per our report of even date

FOR AND ON BEHALF OF THE BOARD

**N. PRASANNA VENKATESAN**  
Chartered Accountant  
Membership No. : 235530

**SKM MAEILANANDAN**  
Executive Chairman & Whole Time Director

**SKM SHREE SHIVKUMAR**  
Managing Director

Place : Erode  
Date : 29.06.2020

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

**P. SEKAR**  
Company Secretary  
Membership No. A36565



# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

## CASH FLOW STATEMENT FOR THE PERIOD FROM 1ST APRIL, 2019 TO 31.03.2020 (in ₹)

Particulars	31-03-2020	31-03-2019
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit Before Tax as per Statement of Profit and Loss	8,15,18,180	7,23,27,478
Adjusted for:		
Depreciation	6,94,67,855	6,48,01,045
Financial Cost	5,96,79,662	4,24,71,841
(Profit) / Loss on Sale of Assets	(65,534)	(2,19,714)
Interest income	(1,36,16,246)	(2,28,36,140)
<b>Operating profit before Working capital changes</b>	<b>19,69,83,918</b>	<b>15,65,44,510</b>
Adjusted for:		
Trade & Other Receivables	93,26,425	5,24,06,199
Inventories	(27,54,40,594)	(3,38,97,440)
Trade & Other Payables	(31,96,103)	1,04,08,704
<b>Cash Generated from Operations</b>	<b>(7,23,26,354)</b>	<b>18,54,61,972</b>
Taxes Paid (Net)	(2,92,88,240)	(2,27,35,052)
<b>Net Cash from / (used in) Operating Activities - A</b>	<b>(10,16,14,594)</b>	<b>16,27,26,920</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(6,86,21,150)	(13,35,53,638)
Capital Subsidy from Ministry of Food Processing	-	5,00,00,000
Sale of Fixed Assets	2,27,344	4,95,937
Interest income	1,36,16,246	2,28,36,140
<b>Net Cash from / (used in) Investing Activities - B</b>	<b>(5,47,77,560)</b>	<b>(6,02,21,561)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Long Term Borrowings	(97,50,139)	3,55,87,349
Financial Cost (Net)	(5,96,79,662)	(4,24,71,841)
Dividend & Dividend distribution tax	(1,58,60,490)	(1,58,60,490)
<b>Net Cash Flow from / (used in) Financing Activities - C</b>	<b>(8,52,90,291)</b>	<b>(2,27,44,982)</b>
Net Increase / (Decrease) in Cash and Cash equivalents	(24,16,82,445)	7,97,60,378
Opening Cash & Cash Equivalents	(15,54,75,820)	(23,52,36,199)
Closing Cash & Cash Equivalents	(39,71,58,265)	(15,54,75,821)

- 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).
- The above cashflow statement has been prepared following the indirect method as set out in Ind AS-7.

as per our report of even date

**N. PRASANNA VENKATESAN**  
Chartered Accountant  
Membership No. : 235530

**SKM MAEILANANDAN**  
Executive Chairman & Whole Time Director

**FOR AND ON BEHALF OF THE BOARD**

**SKM SHREE SHIVKUMAR**  
Managing Director

Place : Erode  
Date : 29.06.2020

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

**P SEKAR**  
Company Secretary  
Membership No.A36565



## Notes to the Standalone Financial Statements for the year ended 31st March ' 2020

### 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 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

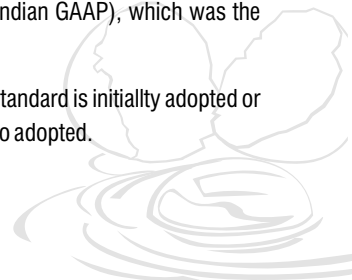
Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets 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
- ii) Packing Materials
- iii) Additives
- iv) Stores & Spares
- v) Semi-finished goods
- vi) Finished goods
- vii) Livestock

### 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 & 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.

### **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.

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.

### **Leases**

Effective April 1, 2019, the Company has applied Ind AS 116 on Lease Accounting. Ind AS 116 replaces Ind AS 17.

The Company has chosen the practical expedient provided by the standard to apply Ind AS 116 only to contracts that were previously identified as leases under Ind AS 17 and therefore has not reassessed whether a contract is or contains a lease at the date of initial application. Consequently, the application of the standard has no transition impact.

The Company, as on March 31, 2020, didn't have any transaction of lease, as a lessor. The Company, as a lessee, recognises, at inception of a contract, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. 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 such short term and assets of low value leases, the Company recognizes the lease payment as an expense on a straight line basis over the term of the lease.

"At commencement date, the ROU asset is measured at cost. The cost of the ROU asset measured at inception 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 less any lease incentives received, plus any initial direct costs incurred. The ROU assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any."

The ROU assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of ROU asset. The estimated useful lives of ROU assets are determined on the same basis as those of PPE. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit and loss.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the Company's incremental borrowing rate.

Lease liability and ROU asset are separately presented in the Balance Sheet. Lease payments are classified as financing cash flows while short-term lease payments, payment for leases of low value assets are classified within operating activities.

### **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:**

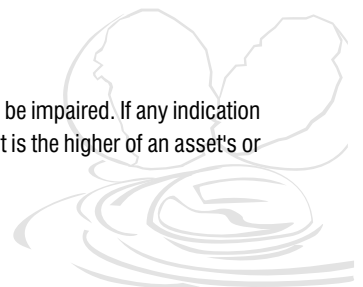
Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions 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. 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.

### **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 which is disclosed as receivable as at the end of the reporting period amounting to Rs.2,50,00,000/- had been received by the company on 30.04.2020.

### **APPROVAL OF FINANCIAL STATEMENTS:**

The Financial Statements were approved for issue by the board of directors at their meeting held on 29.06.2020

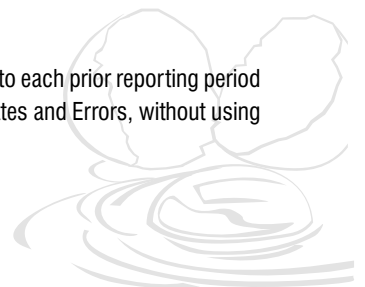
### **Ind AS - 12 - Income Taxes**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Annexure C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

According to the Annexure, Companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates.

### **The Standard permits two possible methods of transition –**

Full retrospective approach – Under this approach, Annexure C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and





Retrospectively with cumulative effect of initially applying Annexure C recognised by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Annexure C is annual periods beginning on or after April 1, 2019. The Company has adopted the Standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. However, application of this Standard from 01-04-2019 does not have any significant impact for the Company as there are no uncertainties over the income tax treatments which is to be applied while performing the determination of taxable profit as the major appeals which were pending hitherto have been decided in favour of the company and the company also had received the refund of taxes paid on regular assessment along with interest consequent to winning in the appeals.

During the year the company had filed petitions for 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, and the refunds have been determined to the extent of Rs.2.38 crores including interest vide the rectification order dated 02.03.2020 which have been suitably recognised as receivables in the books of accounts in accordance with Ind AS 12 - Income Taxes.

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 - Coimbatore for disposal.

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

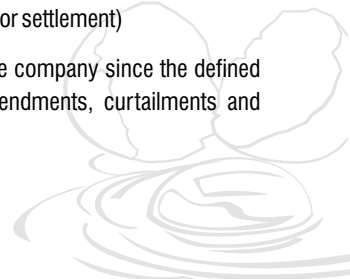
### **Ind AS - 19 - Employee benefits**

The amendments to Ind AS 19 clarifies the impact of plan amendments, curtailments and settlements on the current service cost and the net interest on net defined benefit liability. In order to provide useful information to the users and enhance the understandability of financial statements, the change to the standard requires that on amendment, curtailment or settlement of a defined benefit plan, entities should:

Update actuarial assumptions to those used to remeasure the net defined benefit liability (asset) &

Use the updated assumptions and the revised net defined benefit liability (asset) to determine the current service cost and net interest for the remainder of the annual reporting period (post the plan amendment, curtailment or settlement)

The above amendment did not have any significant impact on the financial statements of the company since the defined benefit plans are being maintained by LIC actuary and there are no significant plan amendments, curtailments and settlements during the year.



## Ind AS - 103 - Business Combinations and Ind As 111, Joint Arrangements

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

## Ind AS- 23 - Borrowing Costs

The amendments to this Ind AS clarifies that in computing the capitalisation rate for funds borrowed generally, an entity should exclude borrowing costs applicable to borrowings made specifically for obtaining a qualifying asset until the asset is ready for its intended use or sale. The amendment is applicable to borrowing costs incurred on or after the beginning of the annual reporting period beginning on or after 1st April 2019. The said amendment did not have any significant impact on the financial statements of the company since the company did not have any borrowing costs to be capitalised during the year and the company utilises the packing credit in foreign currency exclusively for working capital requirements.

## Ind AS- 109 - Financial Instruments

The amendment carried out in respect of this Ind AS carries an exception to the classification and measurement requirements with respect to the SPPI criterion for financial assets that:

- Have a prepayment feature which results in a negative compensation
- Apart from the prepayment feature, other features of the financial asset would have contractual cash flows which would meet the SPPI criterion, and
- The fair value of the prepayment feature is insignificant when the entity initially recognises the financial asset. If this is impracticable to assess based on facts and circumstances that existed on initial recognition of the asset, then the exception would not be available.

The amendment is applicable to borrowing costs incurred on or after the beginning of the annual reporting period beginning on or after 1st April 2019. The said amendment did not have any significant impact on the financial statements of the company

## 2. CONTINGENT LIABILITIES & COMMITMENTS:

Particulars	As at 31.03.2020	As at 31.03.2019
a) Claims against the company / disputed liabilities not acknowledged as debts:		
i) Income Tax Liability	-	-
ii) Service Tax Liability	1,18,91,022	1,42,32,225
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	12,88,33,218	13,61,31,458

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.

03. PROPERTY, PLANT & EQUIPMENT

(in ₹)

S. No.	Particulars	Gross Block			Depreciation			Net Block		
		01.04.2019	Addition during the year	Deduction during the year	31.03.2020	01.04.2019	Depreciation for the year	Deduction / Adjustment during the year	31.03.2020	31.03.2019
(a)	<b>Tangible Assets</b> (Own assets)									
	Land	3,58,09,230	-	-	3,58,09,230	-	-	-	-	3,58,09,230
	Building	43,68,33,329	25,26,838	-	43,93,60,167	16,55,62,691	1,27,58,057	-	17,83,20,748	27,12,70,638
	Plant & Machinery	79,18,55,073	7,99,42,269	-	87,17,97,342	54,03,08,975	4,33,76,394	-	58,36,85,369	25,15,46,098
	Electrical Installation and equipments	7,41,64,485	-	-	7,41,64,485	6,93,07,700	6,77,190	-	6,99,84,890	48,56,784
	Lab Equipment	3,96,68,498	3,49,968	-	4,00,18,466	2,34,81,211	24,38,586	-	2,59,19,798	1,61,87,287
	Office Equipment	1,67,20,607	1,77,626	-	1,68,98,233	1,29,14,663	14,13,358	-	1,43,28,021	38,05,944
	Computers	3,15,73,392	3,24,926	-	3,18,98,318	1,77,17,520	35,37,209	-	2,12,54,729	1,38,55,872
	Furniture & Fixtures	1,15,97,227	1,14,190	-	1,17,11,417	69,77,602	6,00,786	-	75,76,387	46,19,625
	Motor Vehicles	5,01,65,299	83,75,526	7,59,016	5,77,81,809	2,77,32,262	46,66,275	5,97,206	3,18,01,331	2,24,33,037
	SUB TOTAL (a)	1,48,83,87,140	9,18,11,343	7,59,016	1,57,94,39,467	86,40,02,624	6,94,67,855	5,97,206	93,28,73,273	62,43,84,516
(b)	<b>Capital Work-in-progress</b>									
	Plant & Machinery	4,84,83,249	5,61,12,667	7,90,22,637	2,55,73,279	-	-	-	-	2,55,73,279
	Others	3,90,197	22,46,615	25,26,838	1,09,974	-	-	-	-	1,09,974
	SUB TOTAL (b)	4,88,73,446	5,83,59,282	8,15,49,475	2,56,83,253	-	-	-	-	2,56,83,253
	<b>Total (a+b)</b> <b>(Current Year)</b>	<b>1,53,72,60,586</b>	<b>15,01,70,625</b>	<b>8,23,08,491</b>	<b>1,60,51,22,720</b>	<b>86,40,02,624</b>	<b>6,94,67,855</b>	<b>5,97,206</b>	<b>93,28,73,273</b>	<b>67,22,49,447</b>
	(Previous Year)	1,45,64,56,812	12,19,72,305	4,11,68,530	1,53,72,60,587	80,16,75,219	6,48,01,045	24,73,640	86,40,02,624	67,32,57,963

## Depreciation:

Depreciation has been provided under Straight Line Method on the basis of useful lives prescribed under Schedule II of the Companies Act, 2013, except for the Imported Plant & Machinery, whose useful life is different from that prescribed in Schedule II of the Companies Act, 2013 and its useful life is adopted on the basis of engineering & other expert guidance and depreciated accordingly as follows:

Imported Plant & Machinery acquired upto 31.03.2007                      Useful life - 25 years

Imported Plant & Machinery acquired from 01.04.2007 to 31.03.2015      Useful life - 20 years

## Impairment of Assets :

The recoverable amount of the CGU is determined on the basis of Fair Value less Cost of Disposal (FVLCD). The FVLCD of the CGU is determined based on the market capitalization approach, using the turnover and earnings multiples derived from observable market data. The fair value measurement is categorized as a level 3 fair value based on the inputs in the valuation techniques used.

Based on the above, no impairment was identified as of March 31, 2020 and 2019 as the recoverable value of the CGUs exceeded the carrying value. Further, none of the CGU's tested for impairment as of March 31, 2020 and 2019 were at risk of impairment. An analysis of the calculation's sensitivity to a change in the key parameters (revenue growth, operating margin, discount rate and long-term growth rate) based on reasonably probable assumptions, did not identify any probable scenarios where the CGU's recoverable amount would fall below its carrying amount.

## Mortgage / Charge on Property, plant & equipments:

Plant & Machinery to the extent of Rs. 12.73 Cr are under the first charge on account of the Term Loan with banks.

The property, plant & equipments are under the second charge for short term borrowings with banks.



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020**

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>04 (a) INVESTMENTS</b>		
<b>Investment measured at cost:</b>		
In equity shares of subsidiary company:		
SKM Europe BV , The Netharlands of Euro 1 each		
Number of Units	15,300	15,300
Value (Rs)	8,32,779	8,32,779
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
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	-	-
<b>Total</b>	<b>1,26,78,351</b>	<b>1,26,78,351</b>

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 31.03.2020	As at 31.03.2019
<b>04 (b) LOANS (UNSECURED AND CONSIDERED GOOD)</b>		
Deposits	1,28,83,683	1,86,84,084
Advances	84,69,578	28,94,792
<b>Total</b>	<b>2,13,53,261</b>	<b>2,15,78,876</b>
<b>05. INVENTORIES</b>		
Raw Material,additives & packing materials	7,22,85,366	6,78,75,125
Finished Goods	45,15,66,807	28,42,72,454
Stock in Trade	-	18,75,041
Stores and spares & consumables	3,27,87,124	3,25,26,436
Livestock - Birds	14,74,58,021	4,21,07,668
<b>Total</b>	<b>70,40,97,318</b>	<b>42,86,56,723</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020**

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>06 (a) TRADE RECEIVABLES</b>		
(a) Trade Receivables considered good - Secured	-	-
(b) Trade Receivables considered good - Unsecured	15,02,28,818	12,65,49,802
(c) Trade Receivables which have significant increase in Credit Risk and	-	-
(d) Trade Receivables - credit impaired	-	-
<b>Total</b>	<b>15,02,28,818</b>	<b>12,65,49,802</b>
Trade receivables are netted with Bill discounting of Rs.12,88,33,218/- (Previous year Rs.13,61,31,458/-)		
<b>06 (b) CASH AND CASH EQUIVALENTS</b>		
Balances with banks		
Current Accounts	9,38,15,666	8,66,83,339
Demand deposits	11,88,52,912	14,43,99,396
Cash on hand	20,59,493	9,71,382
<b>Sub Total</b>	<b>21,47,28,071</b>	<b>23,20,54,117</b>
<b>06 (c) BANK BALANCES OTHER THAN ABOVE</b>		
Balances with banks - Unclaimed dividend	-	-
Current Accounts	41,64,204	31,36,558
<b>Sub Total</b>	<b>41,64,204</b>	<b>31,36,558</b>
<b>Total</b>	<b>21,88,92,275</b>	<b>23,51,90,675</b>
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	21,88,92,275	23,51,90,675
Bank Overdrafts	(61,60,50,541)	(39,06,66,495)
<b>Total</b>	<b>(39,71,58,266)</b>	<b>(15,54,75,820)</b>

# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>06 (d) LOANS (UNSECURED AND CONSIDERED GOOD) - CURRENT</b>		
(a) Loan Receivables considered good - Secured	-	-
(b) Loan Receivables considered good - Unsecured		
(i) Staff Advances	4,55,074	5,81,199
(ii) Trade Advances	1,44,23,493	2,14,57,735
(iii) Prepaid Expenses	1,23,78,103	1,00,07,174
(c) Loan Receivables which have significant increase in Credit Risk and	-	-
(d) Loan Receivables - credit impaired	-	-
<b>Total</b>	<b>2,72,56,670</b>	<b>3,20,46,108</b>
<b>06 (e) OTHER FINANCIAL ASSETS - CURRENT</b>		
Subsidies receivable & Income accrued on deposits	2,50,00,000	2,50,00,000
<b>Total</b>	<b>2,50,00,000</b>	<b>2,50,00,000</b>
<b>07. OTHER CURRENT ASSETS</b>		
Tax refund receivables	5,04,08,113	4,73,20,135
MAT Credit Entitlement	-	3,57,04,872
Insurance Claims receivable	46,26,506	-
<b>Total</b>	<b>5,50,34,620</b>	<b>8,30,25,007</b>
<b>08 (a) EQUITY SHARE CAPITAL</b>		
<b>Authorised Capital:</b>		
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
<b>Total</b>	<b>26,33,00,000</b>	<b>26,33,00,000</b>
<b>Reconciliation of the number of shares outstanding is set out below:</b>		
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		
<b>Details of shareholders holding more than 5% shares:</b>		
Name of the Share Holders		
SKM Shree Shivkumar		
Face value of the Equity Shares	12,37,14,720	12,08,64,720

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020

(in ₹)

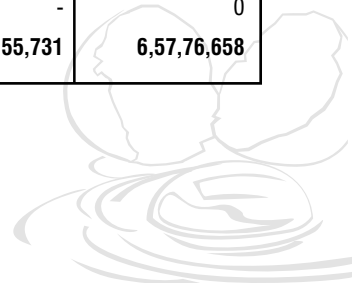
Particulars	As at 31.03.2020	As at 31.03.2019
No of Equity Shares Held as on Balance sheet dt.	1,23,71,472	1,20,86,472
% of Holdings	46.99%	45.90%
Tamilnadu Industrial Development Corporation Limited		
Face value of the Equity Shares	1,99,58,000	1,99,58,000
No of Equity Shares Held as on Balance sheet dt.	19,95,800	19,95,800
% of Holdings	7.58%	7.58%
Total No of Equity Shares	26330000	26330000
Face value of Equity shares	10	10
<b>08 (b) OTHER EQUITY</b>		
Securities Premium Account :		
Opening Balance	4,00,692	4,00,692
Add : Collected during the year	-	-
less : Written back	-	-
Closing Balance	4,00,692	4,00,692
<b>General Reserve:</b>		
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
<b>Retained Earnings:</b>		
Opening Balance	67,34,55,629	62,88,04,420
Add : Current Year Balance before appropriation	5,30,23,517	6,05,11,699
Less : Dividend Paid	1,31,65,000	1,31,65,000
Less : Dividend Distribution Tax	26,95,490	26,95,490
Closing Balance	71,06,18,656	67,34,55,629
<b>Other Comprehensive Income:</b>		
Opening balance	75,45,602	52,51,910
Movement in OCI during the year	(5,48,476)	22,93,691
Closing balance	69,97,126	75,45,602
<b>Total</b>	<b>71,84,49,286</b>	<b>68,18,34,735</b>
<b>Securities Premium:</b>		
This consists of premium realised on issue of shares and will be applied/ utilised in accordance with the provisions of the Companies Act, 2013.		
<b>General Reserve:</b>		
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 31.03.2020**

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>09. BORROWINGS - NON CURRENT</b>		
Secured - At amortised cost		
Term Loan		
From Banks	3,57,24,095	4,46,26,519
Nature of loan	- Rupee Term Loan	
Maturity date	- June 2023	
Terms of repayment	- 20 equal quarterly instalments	
Securities offered	- Refer note *	
Interest rate	- 9.60% p.a.	
Less : Current maturities of long term debt - included in note 12©	(98,52,250)	(90,04,535)
<b>Total</b>	<b>2,58,71,845</b>	<b>3,56,21,984</b>
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.		
<b>10. PROVISIONS - NON CURRENT</b>		
Provision for Employee Benefits		
Earned Leave Encashment	43,16,152	37,46,475
Net Gratuity obligation	15,53,108	17,40,974
<b>Total</b>	<b>58,69,260</b>	<b>54,87,449</b>
<b>11. Deferred Tax Liability (Net)</b>		
At the start of the year	6,57,76,658	7,66,95,931
Charge / (credit) to Statement of Profit & Loss	(7,93,578)	(1,09,19,273)
Charge / (credit) to Other Comprehensive Income	(2,11,396)	-
Deferred Tax effect relating to previous year	8,84,047	-
At the end of the year	6,56,55,731	6,57,76,658
Deferred Tax (Assets) / Liabilities in relation to:		
Property, plant and equipment	6,64,04,512	6,73,03,266
Provisions	(14,21,432)	(15,26,608)
Actuarial Losses / Gains	(2,11,396)	-
Deferred Tax effect relating to previous year	8,84,047	-
Carry Forward Losses	-	0
<b>Total</b>	<b>6,56,55,731</b>	<b>6,57,76,658</b>



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020**

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>12 (a) BORROWINGS - CURRENT</b>		
Secured - At amortised cost		
Working Capital Loans		
From Banks		
Foreign Currency Loans	61,60,50,541	39,06,66,495
Nature of loan - Packing Credit (Foreign Currency)		
Terms of repayment - On demand		
Interest rate - 3.25% p.a. (LIBOR 2.25% + Spread 1%)		
<b>Total</b>	<b>61,60,50,541</b>	<b>39,06,66,495</b>
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.		
<b>12 (b) TRADE PAYABLES</b>		
Trade Creditors *		
Due to MSME	7,69,163	49,15,273
Due to others	14,91,07,528	15,34,16,547
Creditors For Expenses & Others		
Due to MSME	-	-
Due to others	12,74,353	6,41,300
<b>Total</b>	<b>15,11,51,044</b>	<b>15,89,73,120</b>
<b>Details relating to micro, small and medium enterprises:</b>		
(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;	7,69,163	49,15,273
(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 31.03.2020

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>12 (c) OTHER FINANCIAL LIABILITIES - CURRENT</b>		
Current Maturities of Long Term Debt		
(i) From Banks		
Machinery Term Loan - HDFC	98,52,250	90,04,535
(II) From Others		
Vehicle Term Loan - Kotak Mahindra	-	-
Unclaimed Dividends	41,64,204	31,36,558
<b>Total</b>	<b>1,40,16,454</b>	<b>1,21,41,092</b>
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).		
<b>13. OTHER CURRENT LIABILITIES</b>		
Advances from customers	17,79,948	1,50,153
Statutory Dues	1,60,34,649	1,01,62,971
Other payables	18,000	18,000
<b>Total</b>	<b>1,78,32,597</b>	<b>1,03,31,124</b>
<b>14. PROVISIONS</b>		
Provisions for Employee Benefits		
Bonus Payable	74,94,000	71,34,000
Proposed Dividend	-	-
Provision for Dividend Distribution Tax	-	-
Other Provisions	11,00,000	67,16,848
<b>Total</b>	<b>85,94,000</b>	<b>1,38,50,848</b>

**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 containsignificant 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:**

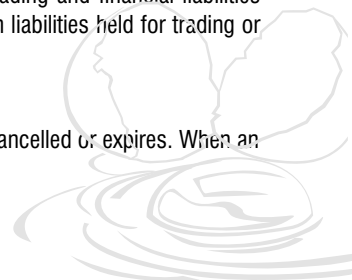
These amounts represent liabilities for goods or services provided to the Company which are unpaid at the end of the reporting period. Trade and other payables are presented as current liabilities when the payment is due within a period of 12 months from the end of the reporting period. For all trade 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.

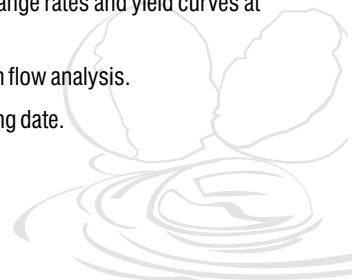
A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 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.

### 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 31.03.2020	As at 31.03.2019
<b>Financial Assets</b>		
<b>At amortised cost</b>		
(i) Trade receivables	15,02,28,818	12,65,49,802
(ii) Cash and cash equivalents	21,47,28,071	23,20,54,117
(iii) Bank balances other than (ii) above	41,64,204	31,36,558
(iv) Loans	4,86,09,931	5,36,24,985
(vi) Other Financial Assets	2,50,00,000	2,50,00,000
<b>Financial Liabilities</b>		
<b>At amortised cost</b>		
(I) Borrowings	64,19,22,386	42,62,88,479
(ii) Trade Payables	15,11,51,044	15,89,73,120
(iii) Other Financial Liabilities	1,40,16,454	1,21,41,092

## 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.



## 16. CAPITAL MANAGEMENT - ADDITIONAL CAPITAL DISCLOSURES:

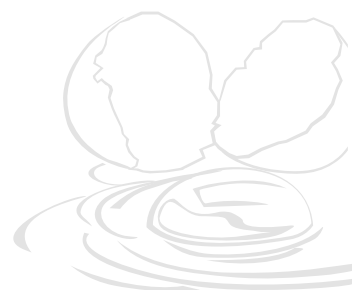
The Company adheres to the Capital Management framework which is underpinned by the following guiding principles:

- (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:

Particulars	As at 31.03.2020	As at 31.03.2019
Total Equity (A)	98,17,49,286	94,51,34,735
% Change 2019 - 20	3.87%	
Current Loans and borrowings	62,59,02,791	39,96,71,030
Non-current loans and borrowings	2,58,71,845	3,56,21,984
Total loans and borrowings (B)	65,17,74,636	43,52,93,014
% Change 2019 - 20	49.73%	
Loans & borrowings as a percentage of total equity	66.39%	46.06%
<b>Total Capital (A) + (B)</b>	<b>1,63,35,23,922</b>	<b>1,38,04,27,749</b>
% Change 2019 - 20	18.33%	





# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>17. REVENUE FROM OPERATIONS</b>		
Sale of Products :		
Sale of Egg Powder & Egg Liquid - Export	2,00,86,36,750	2,28,41,46,070
Sale of Egg Powder & Egg Liquid - Domestic	9,87,32,970	5,32,65,369
Sale of Eggs & Poultry Feed	44,79,75,570	17,41,42,659
Sale of Poultry Feed Ingredients	10,43,68,833	32,49,72,594
Sale of Culling Birds, Litter & Egg Shell (Waste)	5,98,57,751	2,53,49,232
Sale of Declared Goods	43,32,748	19,12,117
<b>Total</b>	<b>2,72,39,04,621</b>	<b>2,86,37,88,040</b>
<b>18. OTHER INCOME</b>		
Interest Income	1,36,16,246	2,28,36,140
Subsidies	14,24,46,494	11,05,65,401
Exchange Fluctuation gain / (loss) - Net	5,05,40,168	(4,77,77,890)
Profit on sale of Assets	65,534	2,19,714
Miscellaneous Income	1,11,819	79,180
<b>Total</b>	<b>20,67,80,261</b>	<b>8,59,22,546</b>
<b>19. COST OF MATERIALS CONSUMED</b>		
Raw materials, additives, vaccines & medicines consumed:		
Opening Stock	6,04,53,101	4,34,34,492
Add : Purchased during the year	1,87,76,07,042	1,81,70,82,799
Less : Closing Stock	(6,34,81,633)	(6,04,53,101)
Raw materials consumed: (a)	1,87,45,78,510	1,80,00,64,190
Packing materials consumed:		
Opening Stock	74,22,025	84,13,390
Add : Purchased during the year	4,55,47,371	3,42,96,083
Less : Closing Stock	(88,03,734)	(74,22,025)
Packing materials consumed (b)	4,41,65,662	3,52,87,448
<b>Total (a + b)</b>	<b>1,91,87,44,172</b>	<b>1,83,53,51,639</b>
<b>20. PURCHASES OF STOCK-IN-TRADE</b>		
Purchase of Egg, Egg Powder & Feed Ingredients	39,29,66,922	39,82,23,269
<b>Total</b>	<b>39,29,66,922</b>	<b>39,82,23,269</b>
The above amount of purchases is inclusive of duties & taxes for which credit is not admissible		

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020**

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>21. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
Opening Stock - Finished goods	28,42,72,453	26,99,69,763
Closing Stock - Finished goods	(45,15,66,807)	(28,42,72,453)
<b>(Increase) / Decrease in Stock</b>	<b>(16,72,94,354)</b>	<b>(1,43,02,691)</b>
<b>22. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries & Wages	14,03,76,083	12,52,61,542
Contribution to Provident & Other funds	67,35,636	69,35,695
Provision for Gratuity	9,17,084	15,36,224
Provision for Earned Leave	21,57,896	19,23,372
Staff Welfare Expenses	1,23,04,403	62,15,197
<b>Total</b>	<b>16,24,91,102</b>	<b>14,18,72,031</b>

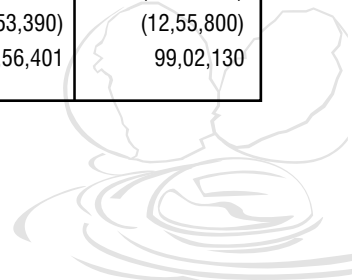
**Defined Contribution Plan:**

Particulars	2019-20	2018-19
Employer's contribution to Provident Fund	35,46,419	31,96,561
Employer's contribution to Pension Scheme	36,90,511	35,26,387

The above Employer's contribution to defined contribution plans are net of government contribution of Rs.5,03,439/- under PMRPY & PMRPY Scheme for the year 2019-20. (Rs.6,21,636/- for the year 2018-19)

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

Particulars	Gratuity (Funded)	
	31-03-2020	31-03-2019
Present Value of obligation at the beginning of the year	99,02,130	1,21,86,195
Current Service Cost	9,05,129	11,74,577
Interest Cost	7,42,660	9,74,896
Actuarial (gain) / loss	7,59,872	(31,77,738)
Benefits paid	(9,53,390)	(12,55,800)
Present Value of obligation at year end	1,13,56,401	99,02,130



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020**

(in ₹)

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

Particulars	Gratuity (Funded)	
	31-03-2020	31-03-2019
Fair Value of plan assets as at beginning of the year	81,61,156	79,23,361
Expected return on plan assets	7,30,705	6,13,249
Contribution made	18,64,821	8,80,346
Benefits Paid	(9,53,390)	(12,55,800)
Actuarial gain / (loss) on the plan assets	-	-
Fair Value of plan assets as at year end	98,03,293	81,61,156

**c. Reconciliation of Fair Value of Assets and Obligations**

Particulars	Gratuity (Funded)	
	31-03-2020	31-03-2019
Present value of the obligation	1,13,56,401	99,02,130
Fair Value of plan assets	98,03,293	81,61,156
Funded Status (Surplus / (Deficit))	(15,53,108)	(17,40,974)
Net asset / (liability) recognized in the balance sheet	(15,53,108)	(17,40,974)

**d. Expenses recognized during the year**

Particulars	Gratuity (Funded)	
	31-03-2020	31-03-2019
Current Service Cost	9,05,129	11,74,577
Interest Cost	7,42,660	9,74,896
Expected return on plan assets	(7,30,705)	(6,13,249)
Actuarial (gain) / loss	7,59,872	(31,77,738)
Net Cost	16,76,956	(16,41,514)



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020**

(in ₹)

**e. Actual return on the plan assets:**

Particulars	Gratuity (Funded)	
	31-03-2020	31-03-2019
Expected return on plan assets	7,30,705	6,13,249
Actuarial gain / loss on plan assets	-	-
Actual return on plan assets	7,30,705	6,13,249

**f. Actuarial Assumptions:**

Particulars	Gratuity (Funded)	
	31-03-2020	31-03-2019
Discount rate (Per annum)	7.25%	7.50%
Expected rate of return on Plan Assets (Per annum)	7.25%	7.50%
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:**

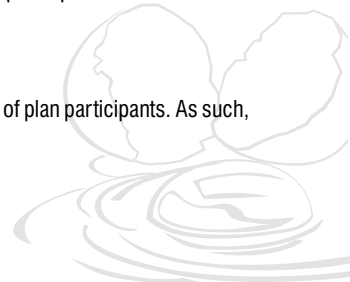
A decrease in the bond interest rate will increase the plan liability, however, this will be partially offset by an increase in the return on the plan debt investments.

**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 31.03.2020

(in ₹)

## DISCLOSURE ON ACCOUNTING FOR REVENUE FROM CUSTOMERS IN ACCORDANCE WITH Ind AS 115:

Particulars	2019 - 20	2018 - 19
<b>A. Disaggregated revenue information</b>		
<b>a. On the basis of type of goods and service:</b>		
Sale of manufactured products	2,55,53,45,290	2,51,15,54,098
Sale of products	10,43,68,833	32,49,72,594
Sale of by-products & declared goods scrap	6,41,90,498	2,72,61,349
Total Operating Revenue	2,72,39,04,621	2,86,37,88,040
<b>b. On the basis of geographical region:</b>		
In India	71,52,67,871	57,96,41,970
Outside India	2,00,86,36,750	2,28,41,46,070
Total Operating Revenue	2,72,39,04,621	2,86,37,88,040
<b>c. On the basis of timing of revenue recognition:</b>		
At a point of time	2,72,39,04,621	2,86,37,88,040
Over a period of time	-	-
Total Operating Revenue	2,72,39,04,621	2,86,37,88,040
<b>B. Contract Liabilities:</b>		
<b>a. Contract Balances:</b>		
Contract Liabilities	17,79,948	1,50,153
<b>B. Revenue recognised during the year in relation to contract liabilities:</b>		
Revenue recognised	1,50,153	93,831
<b>C. Reconciliation of revenue recognised in the statement of profit and loss with the contracted price</b>		
Revenue at contracted prices	2,72,39,04,621	2,86,37,88,040
Revenue from contract with customers	2,72,39,04,621	2,86,37,88,040
Difference	-	-
<b>D. Unsatisfied or partially satisfied performance obligation</b>		
Unsatisfied or partially satisfied performance obligation	Nil	Nil

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020**

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>23. FINANCIAL COSTS</b>		
Interest Expenses	2,42,58,980	2,01,81,288
Other borrowing costs - bank charges & bill discount	83,46,186	93,89,737
Exchange Fluctuation - Net	2,70,74,495	1,29,00,816
<b>Total</b>	<b>5,96,79,662</b>	<b>4,24,71,841</b>
<b>24. DEPRECIATION &amp; AMORTISATION</b>		
Depreciation on Property, plant & equipment	6,94,67,855	6,48,01,045
Amortisation of livestock - Birds	7,20,38,422	4,39,69,056
<b>Total</b>	<b>14,15,06,278</b>	<b>10,87,70,101</b>
<b>25. OTHER EXPENSES</b>		
Power & Fuel	11,88,78,401	12,86,01,803
Stores & Spares Consumption	3,97,90,494	4,97,60,137
Repairs and Maintenance:		
a) Building	59,41,999	1,20,13,392
b) Plant & Machinery	67,87,789	1,32,91,896
c) Vehicle - Fuel & Maintenance	1,90,89,740	1,85,50,388
d) Computer & Software Maintenance	34,21,477	35,54,600
e) Other Maintenance	84,69,719	91,26,366
Procurement & Direct expenses	1,03,01,007	73,34,234
Analysing Charges	5,29,169	8,57,452
Rates and Taxes, Registration and Renewal	36,78,148	61,84,918
Rent Expenses	1,27,61,927	25,29,133
Postage, Courier, Telephone & Internet Charges	14,54,591	16,48,399
Printing & Stationery	6,09,974	7,16,872
Insurance Premium	9,21,591	7,24,372
Advertisement and Publicity	56,58,189	1,99,86,254
Travelling Expenses	59,17,614	60,88,792
Foregin Travelling expenses	22,58,811	39,12,852
Professional Charges	61,07,050	50,59,034
Subscription	8,86,123	3,78,217
Miscellaneous Expenses	5,70,701	6,58,831
Bad Debts written off	-	16,45,834
Audit Fees	7,05,000	6,10,000
Corporate Social Responsibility (CSR) Expenses	20,34,067	25,65,096

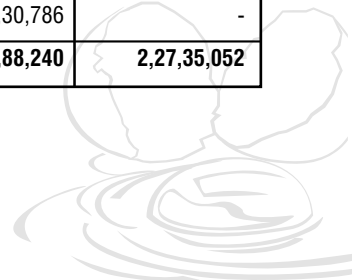
**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020**

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
Donation	1,23,670	2,62,488
Stock Exchange Listing Fee & Secretarial Expenses	25,34,364	30,36,461
Sales Commission	81,34,977	52,12,285
Selling Expenses	1,81,37,814	1,28,36,479
Freight and Forwarding Charges	5,53,68,515	4,78,50,334
<b>Total</b>	<b>34,10,72,921</b>	<b>36,49,96,918</b>
<b>25 (i) Payment to Auditors as:</b>		<b>Excluding Taxes</b>
<b>Particulars</b>	<b>31-03-2020</b>	<b>31-03-2019</b>
(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	5,000	61,000
(c) For Appeal Representation and Others - Included in Prof charges	67,000	2,10,840
(d) Reimbursement of expenses	-	5,004
<b>Total</b>	<b>7,72,000</b>	<b>9,76,844</b>
<b>25 (ii) Corporate Social Responsibility (CSR):</b>		
(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.7.95 lakhs. (Previous year Rs.25.23 lakhs)		
(b) Details of amount spent towards CSR is given below:		
<b>Particulars</b>	<b>31-03-2020</b>	<b>31-03-2019</b>
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	20,34,067	25,65,096
<b>Total</b>	<b>20,34,067</b>	<b>25,65,096</b>

(c) Out of the above expenditure, Rs.17,50,000/- is spent through implementing agency - SKM Health and Mind Welfare Charitable Trust

<b>26. (i) CURRENT TAX</b>		
Income Tax - Normal Provisions	2,44,57,454	2,27,35,052
Income Tax - Relating to preceding years	48,30,786	-
<b>Total</b>	<b>2,92,88,240</b>	<b>2,27,35,052</b>



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020**

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>26. (ii) DEFERRED TAX</b>		
On account of variation of allowances for tax purpose in :		
Depreciation (DTA)/DTL	(6,88,401)	(1,48,34,677)
Business Losses (DTA)/DTL	-	42,66,544
Provision for Earned Leave DTA/(DTL)	(1,05,177)	(3,51,140)
Sale of Assets (DTA)/DTL	-	-
<b>Total</b>	<b>(7,93,578)</b>	<b>(1,09,19,273)</b>
<b>27. EARNINGS PER SHARE</b>		
(i) Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs)	5,30,23,517	6,05,11,699
(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)	2.01	2.30
(vi) Diluted Earnings per Share (Rs) (i) / (iv)	2.01	2.30
(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	31-03-2020	31-03-2019
Profit / (Loss) before tax	8,15,18,180	7,23,27,478
Applicable Tax Rate	27.82%	27.82%
Computed Tax expense	2,26,78,358	2,01,21,504
Income Tax effect of :		
Expenses related to exempt Income	47,937	41,029
Expenses disallowed for tax purposes	18,50,792	28,96,116
Allowances for tax purposes	(3,01,170)	(4,34,038)
Income exempt from tax	(1,12,933)	(1,05,485)



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
Income taxed at higher / (lower) rates	-	-
Others	2,94,470	2,15,925
Current tax provision (A) *	<b>2,44,57,454</b>	<b>2,27,35,052</b>
Incremental / (Decremental) Deferred Tax Liability on account of Tangible Assets	(8,98,754)	(1,48,34,678)
Incremental / (Decremental) Deferred Tax Liability on account of Financial & Other Assets / Liabilities	-	42,66,544
(Incremental) / Decremental Deferred Tax Asset on account of Other Assets	1,05,177	(3,51,140)
Deferred tax provision (B)	<b>(7,93,578)</b>	<b>(1,09,19,273)</b>
Tax Expenses recognised in Statement of Profit & Loss	<b>2,36,63,876</b>	<b>1,18,15,779</b>
Effective Tax Rate	29.03%	16.34%

\* Note:

The income tax disclosed of Rs.2,92,88,240/- includes tax amounting to Rs.48,30,786/- pertaining to earlier years. Hence reconciliation has been provided only for the tax of the current year (Rs.2,92,88,240/- Less Rs.48,30,786/- = Rs.2,44,57,454/-).

### 29. SEGMENT INFORMATION:

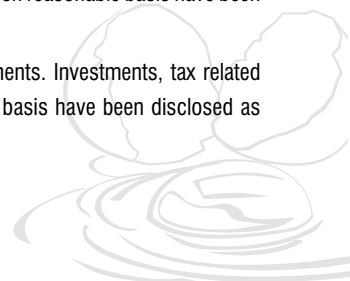
The Company's operating segments are established on the basis of those components that are evaluated regularly by the Executive Committee (the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have 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 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".



(in ₹)

I. Primary Segment Information

Particulars	Manufacturing		Trading		Unallocable		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<b>1 Segment Revenue</b>								
External Turnover	2,61,95,35,788	2,53,88,15,446	10,43,68,833	32,49,72,594	-	-	2,72,39,04,621	2,86,37,88,040
Inter-Segment Turnover	-	-	-	-	-	-	-	-
<b>Revenue from operations (net of GST)</b>	<b>2,61,95,35,788</b>	<b>2,53,88,15,446</b>	<b>10,43,68,833</b>	<b>32,49,72,594</b>	-	-	<b>2,72,39,04,621</b>	<b>2,86,37,88,040</b>
<b>2 Segment Result</b>								
Segment Result before Interest & Taxes	12,75,81,596	9,19,63,179	-	-	-	-	12,75,81,596	9,19,63,179
Less: Finance costs			(5,96,79,662)	(4,24,71,841)	(5,96,79,662)	(4,24,71,841)	(5,96,79,662)	(4,24,71,841)
Add: Interest Income			1,36,16,246	2,28,36,140	1,36,16,246	2,28,36,140	1,36,16,246	2,28,36,140
Profit Before Tax	12,75,81,596	9,19,63,179	-	-	(4,60,63,416)	(1,96,35,701)	8,15,18,180	7,23,27,478
Less: Current Tax			(2,92,88,240)	(2,27,35,052)	(2,92,88,240)	(2,27,35,052)	(2,92,88,240)	(2,27,35,052)
Less: Deferred Tax (exp) / income			7,93,578	1,09,19,273	7,93,578	1,09,19,273	7,93,578	1,09,19,273
Profit After Tax	12,75,81,596	9,19,63,179	-	-	(7,45,58,079)	(3,14,51,480)	5,30,23,517	6,05,11,699
<b>3 Other Information</b>								
Segment Assets	1,60,01,85,513	1,28,06,60,468	-	2,64,29,005	28,66,05,246	33,08,94,033	1,88,67,90,759	1,63,79,83,506
Segment Liabilities	82,07,58,278	58,02,16,100	-	2,43,81,158	8,42,83,195	8,82,51,513	90,50,41,473	69,28,48,771
Capital Expenditure	6,86,21,150	13,35,53,638	-	-	-	-	6,86,21,150	13,35,53,638
Depreciation & Amortisation	14,15,06,278	10,87,70,101	-	-	-	-	14,15,06,278	10,87,70,101

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	2019-20		2018-19	
	2019-20	2018-19	2019-20	2018-19
<b>1. Segment Revenue - External Turnover</b>				
(a) Within India			71,52,67,871	57,96,41,970
(b) Outside India:				
(i) Japan			58,00,36,226	1,02,86,58,363
(ii) Russia			61,85,04,499	34,79,31,846
(iii) Europe			15,45,45,449	27,63,79,402
(iv) Rest of the World			65,55,50,576	63,11,76,459
Total			2,72,39,04,621	2,86,37,88,040
<b>2. Non-Current Assets</b>				
(a) Within India			70,54,48,280	70,66,82,410
(b) Outside India - Europe			8,32,779	8,32,779
Total			70,62,81,059	70,75,15,189

Revenues from one customer of the company amount to more than 10% of the Company's total revenues and represent approximately Rs.58 crores (previous year Rs.103 crores) of the total revenue of the company.

# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

## RELATED PARTY DISCLOSURES:

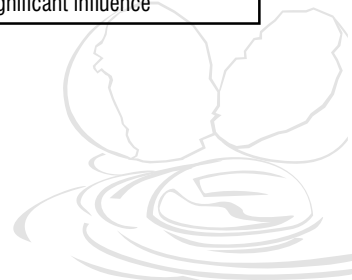
As required under Indian Accounting Standard (Ind AS) 24 - Related Party disclosures, disclosure of transactions with related parties are given below:

### (a) Classification and name of the Related Parties

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

### (b) Description of relationship between the parties :

<b>(i) Subsidiary</b>	
(a) SKM Europe BV, Utrecht, The Netherlands	Foreign subsidiary company in which the company holds 85% voting power
<b>(ii) Associate</b>	
(a) SKM Universal Marketing Company India Private Limited	Domestic associate company in which the company holds 26% voting power
<b>(iii) Key Management Personnel</b>	
(a) SKM Shree Shivkumar	Managing Director
(b) Sri.SKM Maeilanandhan	Whole time Director
(c) K.S.Venkatachalapathy	Chief Financial Officer
(d) PSekar	Company Secretary
<b>(iv) Other Related Parties</b>	
(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



**(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 2019-20 & 2018-19 :

Nature of relationship	Nature of Transactions	2019 - 20 (Rs)	2018 - 19 (Rs)
<b>(i) Subsidiary</b>	Sale of goods	15,45,45,449	27,63,79,402
<b>(ii) Associate</b>	Sale of goods	10,57,85,598	10,42,64,246
	Rent Income	-	30,680
	Purchase of goods	9,57,29,100	87,05,65,170
	Purchase of Motor Vehicle	61,53,380	-
	Purchase of Electricity	2,06,01,908	2,71,59,083
<b>(iii) Key Management Personnel</b>	Remuneration paid	2,23,45,288	2,21,66,134
	Rent paid	3,23,710	3,50,580
<b>(iv) Other Related Parties</b>	Sale of goods	28,95,534	27,35,136
	Purchase of goods	1,99,585	2,10,056

(c-ii) The company has the following balances outstanding as of March 31, 2020 and March 31, 2019 :

Nature of relationship	Nature of Balances outstanding	As at 31.03.2020 (Rs)	As at 31.03.2019 (Rs)
<b>(i) Subsidiary</b>	Investments	8,32,779	8,32,779
<b>(ii) Associate</b>	Trade receivables	47,67,610	-
	Investments	1,18,45,572	1,18,45,572
	Trade receivables	53,76,711	40,15,712
	Trade payables	1,42,50,175	44,94,000
<b>(iii) Key Management Personnel</b>	-	-	-
<b>(iv) Other Related Parties</b>	Trade receivables	1,10,426	2,00,833
	Trade payables	46,161	90,305

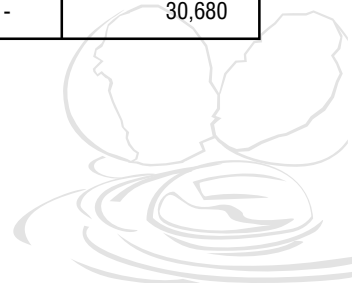


## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

### (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, 2020 and March 31, 2019

Particulars	Relationship	2019 - 20 (Rs)	2018 - 19 (Rs)
<b>1) Purchase of goods</b>			
(a) SKM Siddha and Ayurvedha Company India Private Limited	Other Related Party	1,99,585	2,10,056
(b) SKM Universal Marketing Company India Private Limited	Associate	9,57,29,100	87,05,65,170
<b>2) Purchase of Electricity</b>			
(a) SKM Universal Marketing Company India Private Limited	Associate	2,06,01,908	2,71,59,083
<b>3) Purchase of Motor Vehicle</b>			
(a) SKM Universal Marketing Company India Private Limited	Associate	61,53,380	-
<b>4) Rent paid</b>			
(a) SKM Shree Shivkumar	Key Management Personnel	3,23,710	3,50,580
<b>5) Remuneration paid</b>			
(a) SKM Shree Shivkumar	Key Management Personnel	1,60,06,953	1,60,07,105
(b) Sri.SKM Maeilanandhan	Key Management Personnel	30,42,730	30,45,962
© K.S.Venkatachalapathy	Key Management Personnel	26,66,625	25,29,282
(d) P.Sekar	Key Management Personnel	6,28,980	5,83,785
<b>6) Sale of goods</b>			
(a) SKM Europe BV, Utrecht, The Netherlands	Subsidiary	15,45,45,449	27,63,79,402
(b) SKM Animal Feeds and Foods India Private Limited	Other Related Party	28,95,534	27,35,136
(c) SKM Universal Marketing Company India Private Limited	Associate	10,57,85,598	10,42,64,246
<b>7) Rent Income</b>			
(a) SKM Universal Marketing Company India Private Limited	Associate	-	30,680



## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

The following are the significant related party balances outstanding as of March 31, 2020 and March 31, 2019

Particulars	Relationship	As at 31.03.2020 (Rs)	As at 31.03.2019 (Rs)
<b>1) Trade receivables</b>			
(a) SKM Europe BV, Utrecht, The Netherlands	Subsidiary	47,67,610	-
(b) SKM Universal Marketing Company India Private Limited	Associate	53,76,711	40,15,712
(c) SKM Animal Feeds and Foods India Private Limited	Other Related Party	1,10,426	2,00,833
<b>2) Trade payables</b>			
(a) SKM Universal Marketing Company India Private Limited	Associate	1,42,50,175	44,94,000
(b) SKM Siddha and Ayurvedha Company India Private Limited	Other Related Party	46,161	90,305
<b>3) Investments</b>			
(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	2019 - 20 (Rs)	2018 - 19 (Rs)
(i) Short-term employee benefits	1,99,50,328	2,10,71,182
(ii) Post-employment benefits *	23,94,960	10,94,952
(iii) Other long-term benefits	-	-
(iv) Termination benefits	-	-
(v) Share-based payment	-	-
	2,23,45,288	2,21,66,134

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



**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 2020 (Rs)	As at 31st March 2019 (Rs)
(I) Borrowings:		
Euro	6,43,43,855	1,23,97,294
USD	55,17,06,686	37,82,69,201
(ii) Trade & other payables		
Euro	52,18,331	44,54,099
USD	-	-
(iii) Trade & other receivables		
Euro	47,67,610	-
USD	6,10,68,087	4,57,08,170
<b>Net Exposure (i + ii - iii)</b>	<b>55,54,33,175</b>	<b>34,94,12,424</b>

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

Particulars	As at 31st March 2020 (Rs)		
	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
Particulars	As at 31st March 2019 (Rs)		
	USD	Euro	Total
1% Depreciation in INR			
Impact on equity	-	-	-
Impact on P & L	(33,25,610)	(1,68,513)	(34,94,124)
Total	(33,25,610)	(1,68,513)	(34,94,124)
1% Appreciation in INR			
Impact on equity	-	-	-
Impact on P & L	33,25,610	1,68,513	34,94,124
Total	33,25,610	1,68,513	34,94,124

## 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 2020 (Rs)	As at 31st March 2019 (Rs)
(i) Borrowings - Short term		
Borrowings in Euro	6,43,43,855	1,23,97,294
Borrowings in USD	55,17,06,686	37,82,69,201
Borrowings in INR - Current maturity of Long Term loan	98,52,250	90,04,535
(ii) Borrowings - Long term		
Borrowings in INR	2,58,71,845	3,56,21,984
<b>Net Exposure</b>	<b>65,17,74,636</b>	<b>43,52,93,014</b>

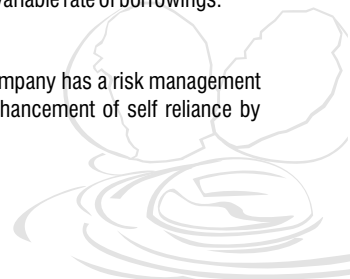
Impact on interest expenses for the year on 1% change in interest rates

Particulars	2019 - 20	2018 - 19
Up Move		
Impact on equity	-	-
Impact on P & L	(71,01,878)	(62,05,138)
<b>Total</b>	<b>(71,01,878)</b>	<b>(62,05,138)</b>
Down Move		
Impact on equity		
Impact on P & L	71,01,878	62,05,138
<b>Total</b>	<b>71,01,878</b>	<b>62,05,138</b>

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.





**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 2020 (Rs)	As at 31st March 2019 (Rs)
(a) Within India	2,15,59,260	3,29,23,789
(b) Outside India:		
(i) Japan	2,33,76,072	1,97,32,861
(ii) Russia	6,45,24,334	4,79,17,843
(iii) Europe	47,67,610	-
(iv) Rest of the World	3,60,01,542	2,59,75,310
<b>Total</b>	<b>15,02,28,818</b>	<b>12,65,49,803</b>

**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

**Year ended 31-03-2019**

Expected credit loss for trade receivables under simplified approach

Ageing	Upto 180 days	More than 181 days	Total
Gross carrying amount - Trade receivables	12,64,09,494	1,40,308	12,65,49,802
Expected credit losses (Loss allowance provision) - trade receivables	-	-	-
Carrying amount of trade receivables (net of impairment)	12,64,09,494	1,40,308	12,65,49,802

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.

## 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.21.47 crores as on 31st March 2020) & (Rs.23.21 crores as on 31st March 2019) and maintaining availability of standby funding through an adequate line up of committed credit facilities (Rs.61.61 crores as on 31st March 2020) & (Rs.39.07 crores as on 31st March 2019).

### Liquidity Exposure as at 31.03.2020:

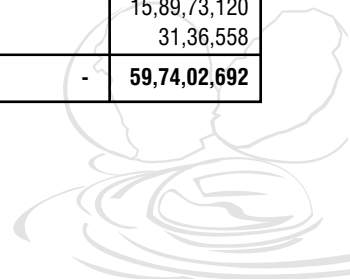
Particulars	< 1 year	1 - 5 years	> 5 years	Total
<b>Financial Assets:</b>				
Non-Current investments			1,26,78,351	1,26,78,351
Loans	2,72,56,670	84,69,578	1,28,83,683	4,86,09,931
Trade receivables	15,02,28,818			15,02,28,818
Cash and cash equivalents	21,47,28,071			21,47,28,071
Bank balances other than (ii) above	41,64,204			41,64,204
Other Financial Assets	2,50,00,000			2,50,00,000
<b>Total Financial Assets</b>	<b>42,13,77,763</b>	<b>84,69,578</b>	<b>2,55,62,034</b>	<b>45,54,09,375</b>
<b>Financial Liabilities:</b>				
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
<b>Total Financial Liabilities</b>	<b>78,12,18,039</b>	<b>2,58,71,845</b>	<b>-</b>	<b>80,70,89,885</b>

### Liquidity Exposure as at 31.03.2019:

Particulars	< 1 year	1 - 5 years	> 5 years	Total
<b>Financial Assets:</b>				
Non-Current investments			1,26,78,351	1,26,78,351
Loans	3,20,46,108	28,94,792	1,86,84,084	5,36,24,984
Trade receivables	12,65,49,802			12,65,49,802
Cash and cash equivalents	23,20,54,117			23,20,54,117
Bank balances other than (ii) above	31,36,558			31,36,558
Other Financial Assets	2,50,00,000			2,50,00,000
<b>Total Financial Assets</b>	<b>41,87,86,586</b>	<b>28,94,792</b>	<b>3,13,62,435</b>	<b>45,30,43,813</b>
<b>Financial Liabilities:</b>				
Long Term Borrowings*	90,04,535	3,56,21,984	-	4,46,26,519
Short Term Borrowings	39,06,66,495			39,06,66,495
Trade Payables	15,89,73,120			15,89,73,120
Other Financial Liabilities**	31,36,558			31,36,558
<b>Total Financial Liabilities</b>	<b>56,17,80,708</b>	<b>3,56,21,984</b>	<b>-</b>	<b>59,74,02,692</b>

\* - 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 standalone 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 EXPORT (INDIA) LIMITED

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED Balance Sheet of Subsidiary SKM Europe BV as at 31.03.2020

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>I. ASSETS</b>		
<b>(1) Non-Current Assets</b>		
(a) Property, Plant & Equipments	41,727	1,09,378
(b) Capital work in Progress	-	-
(c) Financial Assets		
(i) Investments	-	-
(ii) Loans	-	-
<b>(2) Current Assets</b>		
(a) Inventories	4,86,75,450	5,03,89,547
(b) Financial Assets		
(i) Trade receivables	9,48,95,864	12,79,80,376
(ii) Cash and cash equivalents	12,05,619	79,21,891
(iii) Loans	2,24,78,168	60,93,374
(c) Other current assets	22,31,396	12,74,401
<b>Total Assets</b>	<b>16,95,28,223</b>	<b>19,37,68,966</b>
<b>I. EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity Share Capital	9,79,740	9,79,740
(b) Other Equity	2,96,23,573	3,01,09,857
<b>Liabilities</b>		
<b>(1) Non-Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	1,67,93,690	1,64,63,920
<b>(2) Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	1,25,05,069	-
(ii) Trade Payables	10,89,50,914	14,55,69,047
(b) Other Current Liabilities	-	-
(c) Provisions	6,75,237	6,46,401
<b>Total Equity &amp; Liabilities</b>	<b>16,95,28,223</b>	<b>19,37,68,966</b>

as per our report of even date

FOR AND ON BEHALF OF THE BOARD

**N. PRASANNA VENKATESAN**  
Chartered Accountant  
Membership No. : 235530

**SKM MAEILANANDAN**  
Executive Chairman & Whole Time Director

**SKM SHREE SHIVKUMAR**  
Managing Director

Place : Erode  
Date : 29.06.2020

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

**P. SEKAR**  
Company Secretary  
Membership No.A36565



# 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 31.03.2020 (in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
Revenue from operations	56,07,51,440	75,77,33,909
Other Income	15,70,203	31,24,882
<b>Total Income</b>	<b>56,23,21,643</b>	<b>76,08,58,791</b>
<b>Expenses:</b>		
Cost of materials consumed	-	-
Purchase of Stock-in-Trade	50,97,28,055	66,12,29,170
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(4,62,170)	2,76,89,053
Employee Benefit Expense		
Financial Costs	15,37,434	12,48,811
Depreciation and Amortization Expense	67,651	67,189
Other Expenses	5,04,01,854	7,26,71,091
<b>Total Expenses</b>	<b>56,12,72,824</b>	<b>76,29,05,314</b>
<b>Profit before tax</b>	<b>10,48,819</b>	<b>(20,46,524)</b>
Tax expense:		
Current tax	-	-
Deferred tax		
<b>Profit/(Loss) for the Year</b>	<b>10,48,819</b>	<b>(20,46,524)</b>
<b>Other Comprehensive Income</b>		
(i) Items that will not be reclassified to Statement of Profit and loss	(15,35,103)	36,13,550
(ii) Items that will be reclassified to Statement of Profit and loss	-	-
<b>Total Comprehensive Income for the year</b>	<b>(4,86,284)</b>	<b>15,67,026</b>
Earning per equity share of face value Rs.10 each		
Basic (in Rs)	58.27	(113.70)
Diluted (in Rs)	58.27	(113.70)

as per our report of even date

FOR AND ON BEHALF OF THE BOARD

**N. PRASANNA VENKATESAN**  
Chartered Accountant  
Membership No. : 235530

**SKM MAEILANANDAN**  
Executive Chairman & Whole Time Director

**SKM SHREE SHIVKUMAR**  
Managing Director

Place : Erode  
Date : 29.06.2020

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

**P. SEKAR**  
Company Secretary  
Membership No.A36565



## **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, 2020, 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").

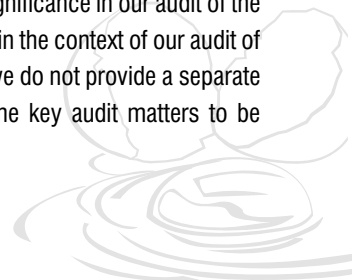
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting 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, 2020; 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:**

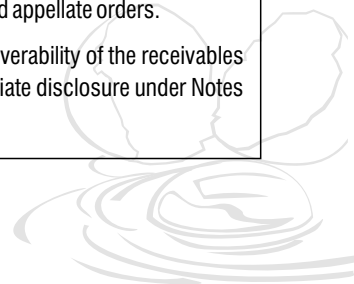
We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We 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.



S No	Key Audit Matter	Auditor's Response
1	<p><b>Inventory Existence and Valuation:</b></p> <p>As on 31st March 2020, the Company carries inventories to the tune of Rs.70.41 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 &amp; 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"> <li>● 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.</li> <li>● 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</li> <li>● Reviewed the internal audit report regarding physical verification of inventories and traced adjustments on sample basis.</li> <li>● Comparative analysis of inventory as at the end of the year with the inventory at the beginning of the year.</li> <li>● 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.</li> </ul>
2	<p><b>Recoverability of Direct tax receivables:</b></p> <p>The company has certain income tax refund receivables on account of the verdict by the appellate authorities.</p>	<ul style="list-style-type: none"> <li>● Obtained the details of completed income tax assessments and demands/refunds as on 31.03.2020 from the management.</li> <li>● We have also reviewed the company's correspondences and appellate orders.</li> <li>● Ascertained the recoverability of the receivables and ensured appropriate disclosure under Notes on accounts.</li> </ul>



S No	Key Audit Matter	Auditor's Response
3	<p><b>3 Evaluation of Contingent liabilities:</b></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." Obtained the details of completed indirect tax assessments and demands as on 31.03.2020 from the management.</p>	<ul style="list-style-type: none"> <li>• 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</li> <li>• 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.</li> <li>• Ascertained the chances of crystallization of liability are probable / possible / remote and ensured appropriate disclosure under Notes on accounts.</li> </ul>

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

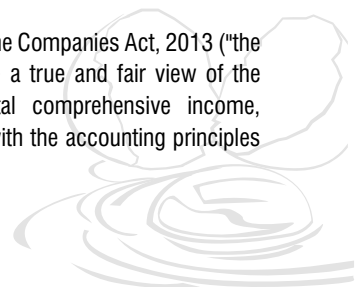
The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance Report, and Shareholder 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.

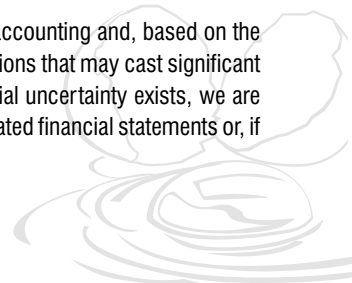
Those board of directors of the companies included in the group are also responsible for overseeing the financial reporting process of the group.

### **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.

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)(l) 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.

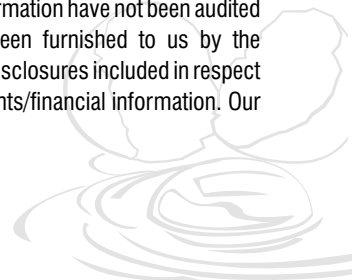
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 consolidated financial statements of the Company whose financial statements / financial information reflect total assets of Rs.20,83,22,611/- as at 31st March, 2020 and total revenues of Rs.61,85,04,499/- for the year ended on that date, as considered in the consolidated 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.15,29,93,757/- as at 31st March, 2020, total revenue of Rs.40,77,76,194/-, total net profit after tax of Rs.8,91,496/-, total comprehensive loss of Rs.4,13,341/- and cash outflows (net) of Rs.1,92,21,341/-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 loss after tax of Rs.69,71,500/- and total comprehensive loss of Rs.69,71,500/- for the year ended 31st March, 2020, 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, 2020 taken on record by the Board of Directors of the company, none of the directors is disqualified as on March 31, 2020, 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 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 : 29.06.2020

Place : Erode

**N. PRASANNA VENKATESAN**

CHARTERED ACCOUNTANT

Membership No.235530

UDIN : 20235530AAAABD2112

★★★★★



# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31.03.2020

CIN : L01222TZ1995PLC006025

(in ₹)

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
<b>I. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	3(a)	64,66,07,920	62,44,93,894
(b) Capital work-in-progress	3(b)	2,56,83,253	4,88,73,446
(c) Financial Assets			
(i) Investments	4(a)	9,11,494	78,82,994
(ii) Loans	4(b)	2,13,53,261	2,15,78,876
<b>(2) Current assets</b>			
(a) Inventories	5	75,27,72,767	47,90,46,271
(b) Financial Assets			
(i) Trade receivables	6(a)	24,03,57,072	25,45,30,178
(ii) Cash and cash equivalents	6(b)	21,59,33,690	23,99,76,008
(iii) Bank balances other than (ii) above	6©	41,64,204	31,36,558
(iv) Loans	6(d)	4,97,34,838	3,81,39,482
(v) Other Financial Assets	6(e)	2,50,00,000	2,50,00,000
(c) Other current assets	7	5,72,66,016	8,42,99,408
<b>Total Assets</b>		<b>2,03,97,84,516</b>	<b>1,82,69,57,115</b>
<b>II. EQUITY AND LIABILITIES</b>			
Equity			
(a) Equity Share capital	8(a)	26,33,00,000	26,33,00,000
(b) Other Equity	8(b)	73,26,95,245	70,34,65,535
<b>LIABILITIES</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	9	4,26,65,536	5,20,85,904
(b) Provisions	10	58,69,260	54,87,449
(c) Deferred tax liabilities (Net)	11	6,56,55,731	6,57,76,658
(d) Minority Interest	12	45,90,498	46,63,440
<b>(2) Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	13(a)	62,85,55,610	39,06,66,495
(ii) Trade payables	13(b)		
(A) total outstanding dues of micro enterprises and small enterprises; and		7,69,163	49,15,273
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		25,45,65,186	29,96,26,894
(iii) Other Financial Liabilities	13©	1,40,16,454	1,21,41,092
(b) Other current liabilities	14	1,78,32,597	1,03,31,124
(c) Provisions	15	92,69,237	1,44,97,250
<b>Total Equity and Liabilities</b>		<b>2,03,97,84,516</b>	<b>1,82,69,57,115</b>

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 MAEILANANDAN**

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.A36565

Place : Erode

Date : 29.06.2020



**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31.03.2020**

CIN : L01222TZ1995PLC006025

(in ₹)

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
Revenue from operations	18	3,13,01,10,612	3,34,51,42,547
Other Income	19	20,83,50,464	8,90,47,428
<b>Total Income</b>		<b>3,33,84,61,076</b>	<b>3,43,41,89,975</b>
<b>EXPENSES</b>			
Cost of materials consumed	20	1,91,87,44,172	1,83,53,51,639
Purchases of Stock-in-Trade	21	74,81,49,528	78,30,73,036
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	22	(16,77,56,524)	1,33,86,362
Employee benefits expense	23	16,24,91,102	14,18,72,031
Finance costs	24	6,12,17,096	4,37,20,652
Depreciation and amortization expense	25	14,15,73,928	10,88,37,291
Other expenses	26	39,14,74,775	43,76,68,009
<b>Total Expenses</b>		<b>3,25,58,94,077</b>	<b>3,36,39,09,020</b>
<b>Profit before Share of Profit / (Loss) of Associates</b>		<b>8,25,66,999</b>	<b>7,02,80,955</b>
Share of Profit / (Loss) of Associates		(69,71,500)	(1,02,82,558)
<b>Profit / (loss) before tax</b>		<b>7,55,95,499</b>	<b>5,99,98,397</b>
Tax expense:			
(1) Current tax	27 (i)	2,92,88,240	2,27,35,052
(2) Deferred tax	27 (ii)	(7,93,578)	(1,09,19,273)
<b>Profit / (Loss) for the Year</b>		<b>4,71,00,836</b>	<b>4,81,82,618</b>
<b>Other Comprehensive Income</b>			
(A) Items that will not be reclassified to Statement of Profit and loss			
i) Remeasurement of Defined Benefit Plans & Others		(7,59,872)	31,77,738
ii) Loss on translating the financial statements of a foreign operation		(15,35,103)	36,13,550
iii) Share in OCI of Associate		-	2,85,882
iv) Income tax relating to items that will not be reclassified to Statement of Profit and loss		(2,11,396)	8,84,047

# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
(B) Items that will be reclassified to Statement of Profit and loss		-	-
<b>Total Comprehensive Income for the year</b>		<b>4,50,17,258</b>	<b>5,43,75,741</b>
Net Profit attributable to :			
(i) Owners of the Company		4,69,43,513	4,84,89,597
(ii) Non controlling Interest		1,57,323	(3,06,979)
Other Comprehensive Income attributable to :			
(i) Owners of the Company		(18,53,313)	56,51,091
(ii) Non controlling Interest		(2,30,265)	5,42,033
Total Comprehensive Income attributable to :			
(i) Owners of the Company		4,50,90,200	5,41,40,687
(ii) Non controlling Interest		(72,943)	2,35,054
<b>Earning per equity share of face value Rs.10 each</b>	<b>28</b>		
Basic (in Rs.)		1.78	1.84
Diluted (in Rs.)		1.78	1.84

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 MAEILANANDAN**

Executive Chairman & Whole Time Director

**SKM SHREE SHIVKUMAR**

Managing Director

Place : Erode

Date : 29.06.2020

**K.S.VENKATACHALAPATHY**

Chief Financial Officer  
Membership No. : 029064

**P. SEKAR**

Company Secretary  
Membership No.A36565



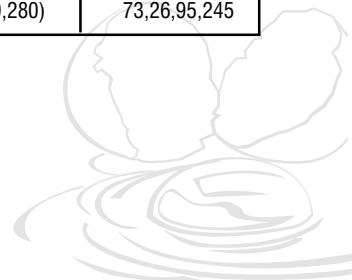
**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**  
**Consolidated Statement of Changes in Equity**

**A. Equity Share Capital**

<b>Balance at the beginning of the reporting period (i.e. 1st April, 2019)</b>	<b>Changes in equity share capital during the year 2019-20</b>	<b>Balance at the end of the reporting period (i.e. 31st March, 2020)</b>
26,33,00,000	-	26,33,00,000
<b>Balance at the beginning of the reporting period (i.e. 1st April, 2018)</b>	<b>Changes in equity share capital during the year 2018-19</b>	<b>Balance at the end of the reporting period (i.e. 31st March, 2019)</b>
26,33,00,000	-	26,33,00,000

**B. Other Equity**
**As on 31st March 2020**

<b>Particulars</b>	<b>Reserves &amp; Surplus</b>				
	<b>Securities Premium</b>	<b>General Reserve</b>	<b>Retained Earnings</b>	<b>Other Comprehensive Income</b>	<b>Total</b>
Balance at the beginning of the reporting period (i.e. 1st April, 2019)	13,37,224	4,32,812	70,15,01,465	1,94,034	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	73,25,84,488	(16,59,280)	73,26,95,245



# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

As on 31st March 2019

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, 2018)	4,00,692	4,32,812	66,37,74,793	(54,57,057)	65,91,51,240
Total Comprehensive Income for the year	9,36,532	-	5,35,87,162	56,51,091	6,01,74,785
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, 2019)	13,37,224	4,32,812	70,15,01,465	1,94,034	70,34,65,535

as per our report of even date

FOR AND ON BEHALF OF THE BOARD

**N. PRASANNA VENKATESAN**  
Chartered Accountant  
Membership No. : 235530

**SKM MAEILANANDAN**  
Executive Chairman & Whole Time Director

**SKM SHREE SHIVKUMAR**  
Managing Director

Place : Erode  
Date : 29.06.2020

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

**P. SEKAR**  
Company Secretary  
Membership No. A36565





# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1ST APRIL, 2019 TO 31.03.2020 (in ₹)

Particulars	31-03-2020	31-03-2019
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit Before Tax as per Statement of Profit and Loss	8,25,66,999	7,02,80,955
Adjusted for:		
Depreciation	6,95,35,506	6,48,68,234
Financial Cost	6,12,17,096	4,37,20,652
(Profit) / Loss on Sale of Assets	(65,534)	(2,19,714)
Interest income	(1,36,16,246)	(2,28,36,140)
<b>Operating profit before Working capital changes</b>	<b>19,96,37,822</b>	<b>15,58,13,986</b>
Adjusted for:		
Trade & Other Receivables	<b>2,98,36,757</b>	<b>3,26,92,741</b>
Inventories	(27,37,26,497)	(83,24,048)
Trade & Other Payables	(4,60,88,113)	(1,71,78,493)
<b>Cash Generated from Operations</b>	<b>(9,03,40,031)</b>	<b>16,30,04,187</b>
Taxes Paid (Net)	(2,92,88,240)	(2,27,35,052)
<b>Net Cash from / (used in) Operating Activities - A</b>	<b>(11,96,28,271)</b>	<b>14,02,69,135</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(6,86,21,150)	(13,35,53,638)
Capital Subsidy from Ministry of Food Processing	-	5,00,00,000
Sale of Fixed Assets	2,27,344	4,95,937
Interest income	1,36,16,246	2,28,36,140
<b>Net Cash from / (used in) Investing Activities - B</b>	<b>(5,47,77,560)</b>	<b>(6,02,21,561)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Long Term Borrowings	(94,20,368)	5,20,51,269
Financial Cost	(6,12,17,096)	(4,37,20,652)
Dividend & Dividend distribution tax	(1,58,60,490)	(1,58,60,490)
<b>Net Cash Flow from / (used in) Financing Activities - C</b>	<b>(8,64,97,955)</b>	<b>(75,29,874)</b>
Net Increase / (Decrease) in Cash and Cash equivalents	<b>(26,09,03,786)</b>	<b>7,25,17,701</b>
Opening Cash & Cash Equivalents	(14,75,53,930)	(22,00,71,630)
Closing Cash & Cash Equivalents	(40,84,57,716)	(14,75,53,930)

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 MAELANANDAN**  
Executive Chairman & Whole Time Director

**SKM SHREE SHIVKUMAR**  
Managing Director

Place : Erode  
Date : 29.06.2020

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

**P. SEKAR**  
Company Secretary  
Membership No. A36565

## 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 Cholangalayam, 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 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

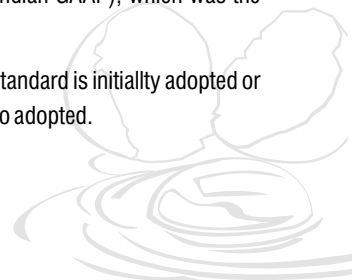
Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets 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
- ii) Packing Materials
- iii) Additives
- iv) Stores & Spares
- v) Semi-finished goods
- vi) Finished goods
- vii) Livestock

### 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 & 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.

### **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.

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.

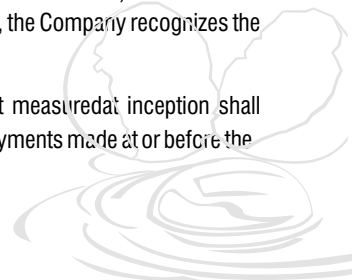
### **Leases**

Effective April 1, 2019, the Company has applied Ind AS 116 on Lease Accounting. Ind AS 116 replaces Ind AS 17.

The Company has chosen the practical expedient provided by the standard to apply Ind AS 116 only to contracts that were previously identified as leases under Ind AS 17 and therefore has not reassessed whether a contract is or contains a lease at the date of initial application. Consequently, the application of the standard has no transition impact.

The Company, as on March 31, 2020, didn't have any transaction of lease, as a lessor. The Company, as a lessee, recognises, at inception of a contract, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. 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 such short term and assets of low value leases, the Company recognizes the lease payment as an expense on a straight line basis over the term of the lease.

"At commencement date, the ROU asset is measured at cost. The cost of the ROU asset measured at inception 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 less any lease incentives received, plus any initial direct costs incurred. The ROU assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any."

The ROU assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of ROU asset. The estimated useful lives of ROU assets are determined on the same basis as those of PPE. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit and loss.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the Company's incremental borrowing rate.

Lease liability and ROU asset are separately presented in the Balance Sheet. Lease payments are classified as financing cash flows while short-term lease payments, payment for leases of low value assets are classified within operating activities.

### **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

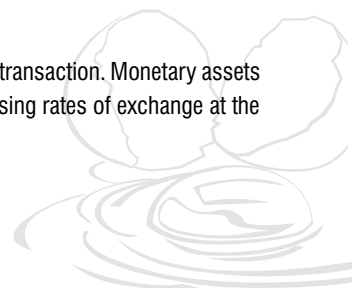
Depreciation on property, plant & equipment is provided on straight line method as per the useful life prescribed in Schedule II of the Companies Act 2013, except for imported plant & machinery for which the useful life has been taken based upon the technical evaluation by the expert committee on the 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.

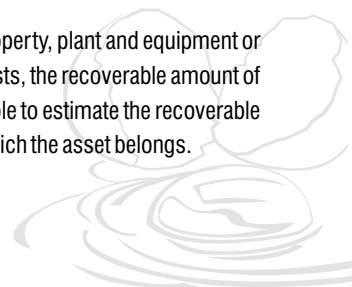
##### **Defined benefit plans:**

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:**

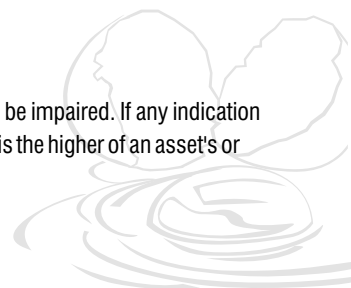
Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions 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. 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.

### **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".

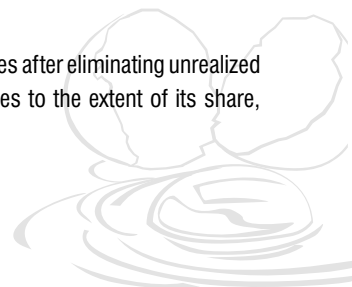
Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised - Nil.

The grant which is disclosed as receivable as at the end of the reporting period amounting to Rs.2,50,00,000/- had been received by the company on 30.04.2020.

### **Principles Used in Preparing Consolidated Financial Statements:**

The consolidated financial statements relate to SKM Egg Products Export India Limited with its subsidiary SKM Europe BV, Utrecht, The Netherlands and Associate SKM Universal Marketing Company India Private Limited. The financial statements have been prepared on the following basis.

- (i) The financial statements of parent and its Subsidiary is combined on a line by line basis by adding together like items of assets, liabilities, income and expenses.
- (ii) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.
- (iii) Inter company transaction, balances and unrealized gains on transactions between group companies are eliminated.
- (iv) Investment in Associate has been accounted under the equity method as per Ind AS 28 – Investment in Associate and Joint Venture.
- (v) The Company accounts for its share of post acquisition changes in net assets of associates after eliminating unrealized profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its consolidated Statement of Profit and Loss.



(vi) The difference between the cost of investments in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

"(vii) Consolidated Financial Statement are prepared using uniform accounting policies for the liketransactions and other events in similar circumstances."

### **APPROVAL OF FINANCIAL STATEMENTS:**

The Financial Statements were approved for issue by the board of directors at their meeting held on 29.06.2020

### **Ind AS - 12 - Income Taxes**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

According to the Appendix, Companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates.

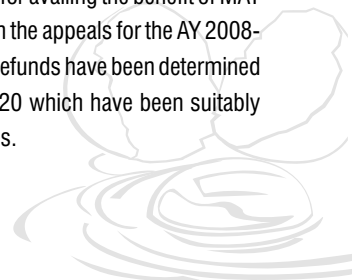
### **The Standard permits two possible methods of transition –**

Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and

Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company has adopted the Standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. However, application of this Standard from 01-04-2019 does not have any significant impact for the Company as there are no uncertainties over the income tax treatments which is to be applied while performing the determination of taxable profit as the major appeals which were pending hitherto have been decided in favour of the company and the company also had received the refund of taxes paid on regular assessment along with interest consequent to winning in the appeals.

During the year the company had filed petitions for 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 11961, and the refunds have been determined to the extent of Rs.2.38 crores including interest vide the rectification order dated 02.03.2020 which have been suitably recognised as receivables in the books of accounts in accordance with Ind AS 12 - Income Taxes.



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 - Coimbatore for disposal.

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 - 19 - Employee benefits**

The amendments to Ind AS 19 clarify the impact of plan amendments, curtailments and settlements on the current service cost and the net interest on net defined benefit liability. In order to provide useful information to the users and enhance the understandability of financial statements, the change to the standard requires that on amendment, curtailment or settlement of a defined benefit plan, entities should:

Update actuarial assumptions to those used to remeasure the net defined benefit liability (asset) &

Use the updated assumptions and the revised net defined benefit liability (asset) to determine the current service cost and net interest for the remainder of the annual reporting period (post the plan amendment, curtailment or settlement)

The above amendment did not have any significant impact on the financial statements of the company since the defined benefit plans are being maintained by LIC actuary and there are no significant plan amendments, curtailments and settlements during the year.

### **Ind AS - 103 - Business Combinations and Ind As 111, Joint Arrangements**

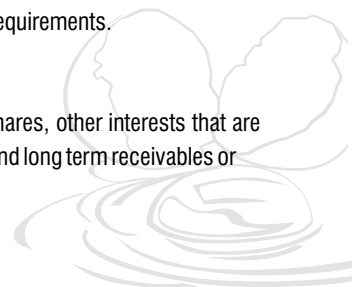
The amendments carried with respect to these Ind AS are inapplicable to the company.

### **Ind AS- 23 - Borrowing Costs**

The amendments to this Ind AS clarify that in computing the capitalisation rate for funds borrowed generally, an entity should exclude borrowing costs applicable to borrowings made specifically for obtaining a qualifying asset until the asset is ready for its intended use or sale. The amendment is applicable to borrowing costs incurred on or after the beginning of the annual reporting period beginning on or after 1st April 2019. The said amendment did not have any significant impact on the financial statements of the company since the company did not have any borrowing costs to be capitalised during the year and the company utilises the packing credit in foreign currency exclusively for working capital requirements.

### **Ind AS- 28 - Investment in Associates and Joint Ventures:**

An entity's net investment in its associate or joint venture includes investment in ordinary shares, other interests that are accounted using the equity method, and other long-term interests, such as preference shares and long term receivables or



loans, the settlement of which is neither planned, nor likely to occur in the foreseeable future. These long-term interests are not accounted for in accordance with Ind AS 28, instead, they are governed by the principles of Ind AS 109.

As per para 10 of Ind AS 28, the carrying amount of an entity's investment in its associate and joint venture increases or decreases (as per equity method) to recognise the entity's share of profit or loss of its investee associate and joint venture. Paragraph 38 of Ind AS 28 further states that the losses that exceed the entity's investment in ordinary shares are applied to other components of the entity's interest in the associate or joint venture in the reverse order of their superiority.

In this context, the amendments to Ind AS 28 clarify that the accounting for losses allocated to long-term interests would involve the dual application of Ind AS 28 and Ind AS 109.

The amendment is applicable retrospectively to the annual reporting period beginning on or after 1st April 2019. The said amendment did not have any significant impact on the financial statements of the company since the investment in associate accounted as per equity method did not have the effect of reducing the investment amount to nil or negative after accounting for the share in loss of associate for the year. Furthermore, the company do not hold investment or other interests in the associate company other than the ordinary equity shares.

### **Ind AS- 109 - Financial Instruments**

The amendment carried out in respect of this Ind AS carries an exception to the classification and measurement requirements with respect to the SPPI criterion for financial assets that:

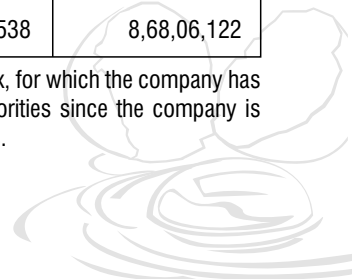
- Have a prepayment feature which results in a negative compensation
- Apart from the prepayment feature, other features of the financial asset would have contractual cash flows which would meet the SPPI criterion, and
- The fair value of the prepayment feature is insignificant when the entity initially recognises the financial asset. If this is impracticable to assess based on facts and circumstances that existed on initial recognition of the asset, then the exception would not be available.

The amendment is applicable to borrowing costs incurred on or after the beginning of the annual reporting period beginning on or after 1st April 2019. The said amendment did not have any significant impact on the financial statements of the company

## **2. CONTINGENT LIABILITIES & COMMITMENTS:**

<b>Particulars</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
a) Claims against the company / disputed liabilities not acknowledged as debts:		
i) Income Tax Liability	-	-
ii) Service Tax Liability	1,18,91,022	1,42,32,225
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	8,94,72,538	8,68,06,122

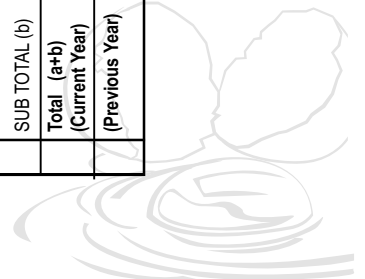
No provision has been made in respect of the above demand of Excise Duties and Service Tax, for which the company has filed appeals with various Higher Appellate Forums, against the orders of the Lower Authorities since the company is confident of coming out successful in the Appeals as per the advice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



03. PROPERTY, PLANT & EQUIPMENT

(in ₹)

S. No.	Particulars	Gross Block			Depreciaton			Net Block		
		01.04.2019	Addition during the year	Deduction during the year	31.03.2020	01.04.2019	Depreciation for the year	Deduction / Adjustment during the year	31.03.2020	31.03.2019
(a)	<b>Tangible Assets</b>									
	(Own assets)									
	Land	3,58,09,230	-	-	3,58,09,230	-	-	-	3,58,09,230	3,58,09,230
	Building	43,68,33,329	25,26,838	-	43,93,60,167	16,55,62,691	1,27,58,057	17,83,20,748	26,10,39,420	27,12,70,638
	Plant & Machinery	79,18,55,073	7,99,42,269	-	87,17,97,342	54,03,08,975	4,33,76,394	58,36,85,369	28,81,11,973	25,15,46,098
	Electrical Installation and equipments	7,41,64,485	-	-	7,41,64,485	6,93,07,700	6,77,190	6,99,84,890	41,79,594	48,56,784
	Lab Equipment	3,96,68,498	3,49,968	-	4,00,18,466	2,34,81,211	24,38,586	2,59,19,798	1,40,98,669	1,61,87,287
	Office Equipment	1,70,16,537	1,77,626	-	1,71,94,163	1,31,01,215	14,81,009	1,45,82,224	26,11,939	39,15,322
	Computers	3,15,73,392	3,24,926	-	3,18,98,318	1,77,17,520	35,37,209	2,12,54,729	1,06,43,589	1,38,55,872
	Furniture & Fixtures	1,15,97,227	1,14,190	-	1,17,11,417	69,77,602	6,00,786	75,78,387	41,33,029	46,19,625
	Motor Vehicles	5,01,65,299	83,75,526	7,59,016	5,77,81,809	2,77,32,262	46,66,275	3,18,01,331	2,59,80,478	2,24,33,037
	SUB TOTAL (a)	1,48,86,83,070	9,18,11,343	7,59,016	1,57,97,35,396	86,41,89,176	6,95,35,506	93,31,27,476	64,66,07,920	62,44,93,894
(b)	<b>Capital Work-in-progress</b>									
	Plant & Machinery	4,84,83,249	5,61,12,667	7,90,22,637	2,55,73,279	-	-	-	2,55,73,279	4,84,83,249
	Others	3,90,197	22,46,615	25,26,838	1,09,974	-	-	-	1,09,974	3,90,197
	SUB TOTAL (b)	4,88,73,446	5,83,59,282	8,15,49,475	2,56,83,253	-	-	-	2,56,83,253	4,88,73,446
	<b>Total (a+b)</b>	<b>1,53,75,56,516</b>	<b>15,01,70,625</b>	<b>8,23,08,491</b>	<b>1,60,54,18,650</b>	<b>86,41,89,176</b>	<b>6,95,35,506</b>	<b>93,31,27,476</b>	<b>67,22,91,174</b>	<b>67,33,67,340</b>
	<b>(Current Year)</b>	<b>1,45,87,52,741</b>	<b>12,19,72,305</b>	<b>4,11,68,530</b>	<b>1,53,75,56,516</b>	<b>80,17,94,582</b>	<b>6,48,68,234</b>	<b>86,41,89,176</b>	<b>67,33,67,340</b>	<b>65,49,58,159</b>
	<b>(Previous Year)</b>									



## **Depreciation:**

Depreciation has been provided under Straight Line Method on the basis of useful lives prescribed under Schedule II of the Companies Act, 2013, except for the Imported Plant & Machinery, whose useful life is different from that prescribed in Schedule II of the Companies Act, 2013 and its useful life is adopted on the basis of engineering & other expert guidance and depreciated accordingly as follows:

Imported Plant & Machinery acquired upto 31.03.2007                      Useful life - 25 years

Imported Plant & Machinery acquired from 01.04.2007 to 31.03.2015      Useful life - 20 years

## **Impairment of Assets :**

The recoverable amount of the CGU is determined on the basis of Fair Value less Cost of Disposal (FVLCD). The FVLCD of the CGU is determined based on the market capitalization approach, using the turnover and earnings multiples derived from observable market data. The fair value measurement is categorized as a level 3 fair value based on the inputs in the valuation techniques used.

Based on the above, no impairment was identified as of March 31, 2020 and 2019 as the recoverable value of the CGUs exceeded the carrying value. Further, none of the CGU's tested for impairment as of March 31, 2020 and 2019 were at risk of impairment. An analysis of the calculation's sensitivity to a change in the key parameters (revenue growth, operating margin, discount rate and long-term growth rate) based on reasonably probable assumptions, did not identify any probable scenarios where the CGU's recoverable amount would fall below its carrying amount.

## **Mortgage / Charge on Property, plant & equipments:**

Plant & Machinery to the extent of Rs. 12.73 Cr are under the first charge on account of the Term Loan with banks.

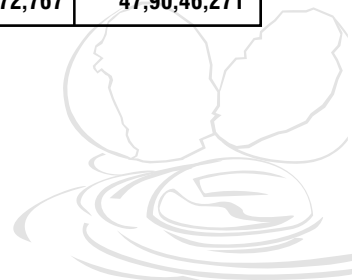
The property, plant & equipments are under the second charge for short term borrowings with banks.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020**

(in ₹)

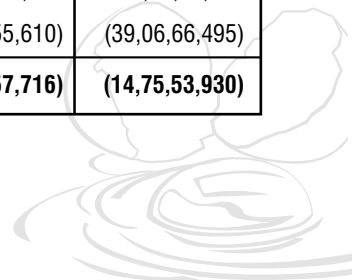
Particulars	As at 31.03.2020	As at 31.03.2019
<b>04(a) INVESTMENTS</b>		
<b>Investment measured at cost:</b>		
In equity shares of associate company: SKM Universal Marketing Company India Private Limited of Rs.10 each		
Number of Units	7,89,700	7,89,700
Value (Rs)	1,18,45,572	1,18,45,572
Intrinsic value 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 Retained Earnings	(48,99,110)	50,97,566
	78,82,994	1,78,79,670
Add: Share in profit / (loss) for during the year	(69,71,500)	(99,96,676)
Value (Rs)	9,11,494	78,82,994
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	9,11,494	78,82,994
Investment measured at cost	9,11,494	78,82,994
<b>Total</b>	<b>9,11,494</b>	<b>78,82,994</b>
<b>04(b) LOANS (UNSECURED AND CONSIDERED GOOD)</b>		
Deposits	1,28,83,683	1,86,84,084
Advances Recoverable	84,69,578	28,94,792
<b>Total</b>	<b>2,13,53,261</b>	<b>2,15,78,876</b>
<b>05. INVENTORIES</b>		
Raw Material, additives & packing materials	7,22,85,366	6,78,75,125
Finished Goods	50,02,42,257	33,46,62,001
Stock in Trade	-	18,75,041
Stores and spares & consumables	3,27,87,124	3,25,26,436
Livestock - Birds	14,74,58,021	4,21,07,668
<b>Total</b>	<b>75,27,72,767</b>	<b>47,90,46,271</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020**

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>06(a) TRADE RECEIVABLES</b>		
(a) Trade Receivables considered good - Secured		
(b) Trade Receivables considered good - Unsecured	24,03,57,072	25,45,30,178
(c) Trade Receivables which have significant increase in Credit Risk and		
(d) Trade Receivables - credit impaired		
<b>Total</b>	<b>24,03,57,072</b>	<b>25,45,30,178</b>
Trade receivables are netted with Bill discounting of Rs.8,94,72,538/- (Previous year Rs.8,68,06,122/-)		
<b>06(b) CASH AND CASH EQUIVALENTS</b>		
Balances with banks		
Current Accounts	9,50,21,285	9,46,05,230
Demand deposits	11,88,52,912	14,43,99,396
Cash on hand	20,59,493	9,71,382
<b>Sub Total</b>	<b>21,59,33,690</b>	<b>23,99,76,008</b>
<b>06© BANK BALANCES OTHER THAN ABOVE</b>		
Balances with banks - Unclaimed dividend		
Current Accounts	41,64,204	31,36,558
Sub Total	41,64,204	31,36,558
<b>Total</b>	<b>22,00,97,894</b>	<b>24,31,12,566</b>
<p>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.</p> <p>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.</p> <p>Cash and Cash equivalents consists of the following for the purpose of cash flow statement:</p>		
Cash and Cash equivalents	22,00,97,894	24,31,12,566
Bank Overdrafts	(62,85,55,610)	(39,06,66,495)
<b>Total</b>	<b>(40,84,57,716)</b>	<b>(14,75,53,930)</b>





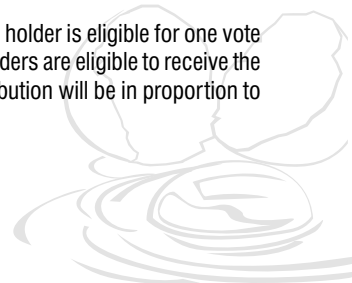
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020**

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>06(d) LOANS (UNSECURED AND CONSIDERED GOOD) - CURRENT</b>		
(a) Loan Receivables considered good - Secured	-	-
(b) Loan Receivables considered good - Unsecured		
(i) Staff Advances	4,55,074	5,81,199
(ii) Trade Advances	2,99,14,134	2,14,57,735
(iii) Prepaid Expenses	1,23,78,103	1,01,90,452
(iv) VAT receivable	69,87,526	59,10,096
(c) Loan Receivables which have significant increase in Credit Risk and	-	-
(d) Loan Receivables - credit impaired	-	-
<b>Total</b>	<b>4,97,34,838</b>	<b>3,81,39,482</b>
<b>06(e) OTHER FINANCIAL ASSETS - CURRENT</b>		
Subsidies receivable & Income accrued on deposits	2,50,00,000	2,50,00,000
<b>Total</b>	<b>2,50,00,000</b>	<b>2,50,00,000</b>
<b>07. OTHER CURRENT ASSETS</b>		
Tax refund receivables	5,26,39,510	4,73,20,135
MAT Credit Entitlement	-	3,69,79,273
Others	46,26,506	-
<b>Total</b>	<b>5,72,66,016</b>	<b>8,42,99,408</b>
<b>08 (a) EQUITY SHARE CAPITAL</b>		
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
<b>Total</b>	<b>26,33,00,000</b>	<b>26,33,00,000</b>
<b>Reconciliation of the number of shares outstanding is set out below:</b>		
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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Details of shareholders holding more than 5% shares:</b>		
Name of the Share Holders SKM SHREE SHIVKUMAR		
Face value of the Equity Shares	12,37,14,720	12,08,64,720
No of Equity Shares Held as on Balance sheet dt.	1,23,71,472	1,20,86,472
% of Holdings	46.99%	45.90%
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
<b>08(b) OTHER EQUITY</b>		
Securities Premium Account :		
Opening Balance	13,37,224	4,00,692
Add : Collected during the year	-	-
Add: Share in Securities Premium of associate	-	9,36,532
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
Profit & Loss Account:		
Opening Balance	70,15,01,465	66,37,74,793
Add : Current Year Balance after appropriation	4,69,43,513	4,87,75,478
Add : Share in Retained Earnings of associate	-	48,11,684
Less : Dividend Paid	1,31,65,000	1,31,65,000
Less : Dividend Distribution Tax	26,95,490	26,95,490
Closing Balance	73,25,84,488	70,15,01,465
Other Comprehensive Income:		
Opening balance	1,94,034	(54,57,057)
Movement in OCI during the year	(18,53,313)	56,51,091
Closing balance	(16,59,280)	1,94,034
<b>Total</b>	<b>73,26,95,245</b>	<b>70,34,65,535</b>

### 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020**

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>09. BORROWINGS - NON CURRENT</b>		
Secured - At amortised cost		
Term Loan		
From Banks	3,57,24,095	4,46,26,519
Nature of loan - Rupee Term Loan		
Maturity date - June 2023		
Terms of repayment - 20 equal quarterly instalments		
Securities offered - Refer note *		
Interest rate - 9.60% p.a.		
Less: Current maturities of long term debt - included in note 12©	(98,52,250)	(90,04,535)
UnSecured		
Loan and Advances from Related Parties		
i) BK Holding BV	1,67,93,690	1,64,63,920
Nature of loan - Euro Term Loan		
Interest rate - 6.0% p.a.		
<b>Total</b>	<b>4,26,65,536</b>	<b>5,20,85,904</b>
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.		
<b>10. PROVISIONS - NON CURRENT</b>		
Provision for Employee Benefits		
a) Earned Leave Encashment Payable	43,16,152	37,46,475
b) Net Gratuity obligation	15,53,108	17,40,974
<b>Total</b>	<b>58,69,260</b>	<b>54,87,449</b>
<b>11. Deferred Tax Liability(Net)</b>		
At the start of the year	6,57,76,658	7,66,95,931
Charge / (credit) to Statement of Profit & Loss	(7,93,578)	(1,09,19,273)
Charge / (credit) to Other Comprehensive Income	(2,11,396)	-
Deferred Tax effect relating to previous year	8,84,047	-
At the end of the year	6,56,55,731	6,57,76,658
Deferred Tax (Assets) / Liabilities in relation to:		
Property, plant and equipment	6,64,04,512	6,73,03,266
Provisions	(14,21,432)	(15,26,608)
Actuarial Losses / Gains	(2,11,396)	-
Deferred Tax effect relating to previous year	8,84,047	-
Carry Forward Losses	-	-
<b>Total</b>	<b>6,56,55,731</b>	<b>6,57,76,658</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020**

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>12. MINORITY INTEREST</b>		
Share Capital	1,46,961	1,46,961
Retained Earnings:		
Opening Balance	58,64,265	61,71,243
Current year Profit/Loss transfer	1,57,323	(3,06,979)
Closing Balance	60,21,588	58,64,265
Other Comprehensive Income:		
Opening balance	(13,47,785)	(18,89,818)
Movement in OCI during the year	(2,30,265)	5,42,033
Closing balance	(15,78,051)	(13,47,785)
<b>Total</b>	<b>45,90,498</b>	<b>46,63,440</b>
<b>13(a) BORROWINGS - CURRENT</b>		
Secured - At amortised cost		
Working Capital Loans		
From Banks		
Foreign Currency Loans	61,60,50,541	39,06,66,495
Nature of loan - Packing Credit (Foreign Currency)		
Terms of repayment - On demand		
Interest rate - 3.25% p.a. (LIBOR 2.25% + Spread 1%)		
Rabo Bank CC A/c. (Foreign Currency Loans)	1,25,05,069	-
<b>Total</b>	<b>62,85,55,610</b>	<b>39,06,66,495</b>
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.		
<b>13(b) TRADE PAYABLES</b>		
Trade Creditors *		
Due to MSME	7,69,163	49,15,273
Due to others	25,11,54,135	29,14,44,467
Creditors For Expenses & Others		
Due to MSME	-	-
Due to others	34,11,051	81,82,427
<b>Total</b>	<b>25,53,34,349</b>	<b>30,45,42,167</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020**

(in ₹)

<b>Details relating to micro, small and medium enterprises:</b>		
(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;	7,69,163	49,15,273
(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
<b>Particulars</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
<b>13© OTHER FINANCIAL LIABILITIES - CURRENT</b>		
Current Maturities of Long Term Debt		
(I) From Banks		
Machinery Term Loan - HDFC	98,52,250	90,04,535
Unclaimed Dividends	41,64,204	31,36,558
<b>Total</b>	<b>1,40,16,454</b>	<b>1,21,41,092</b>
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).		
<b>14. OTHER CURRENT LIABILITIES</b>		
Advances from customers	17,79,948	1,50,153
Statutory Dues	1,60,34,649	1,01,62,971
Other payables	18,000	18,000
<b>Total</b>	<b>1,78,32,597</b>	<b>1,03,31,124</b>
<b>15. PROVISIONS</b>		
Provisions for Employee Benefits		
Bonus Payable	74,94,000	71,34,000
Other Provisions	17,75,237	73,63,249
<b>Total</b>	<b>92,69,237</b>	<b>1,44,97,250</b>

## 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 containsignificant 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 costusing 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:

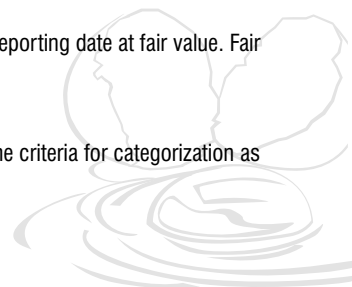
A 'debt instrument' is classified as FVTOCI if both of the following criteria are met:

- 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 eachreporting 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**

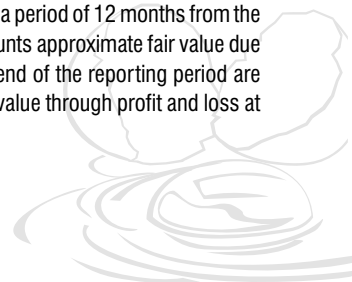
The measurement of financial liabilities depends on their classification, as described below:

#### **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 alltrade 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.

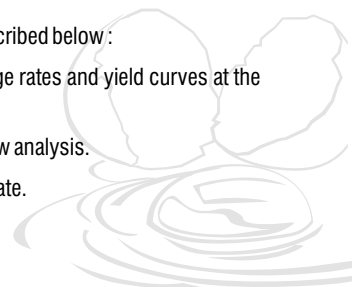
A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.

### 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)

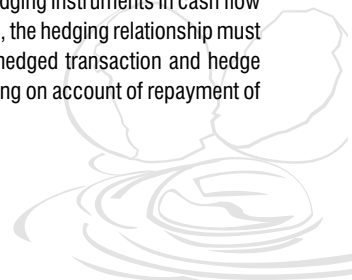
### Level 3 :

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

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Financial Assets</b>		
<b>At amortised cost</b>		
(i) Trade receivables	24,03,57,072	25,45,30,178
(ii) Cash and cash equivalents	21,59,33,690	23,99,76,008
(iii) Bank balances other than (ii) above	41,64,204	31,36,558
(iv) Loans	7,10,88,099	5,97,18,358
(vi) Other Financial Assets	2,50,00,000	2,50,00,000
<b>Financial Liabilities</b>		
<b>At amortised cost</b>		
(I) Borrowings	67,12,21,145	44,27,52,399
(ii) Trade Payables	25,53,34,349	30,45,42,167
(iii) Other Financial Liabilities	1,40,16,454	1,21,41,092

## 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:

- (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.
- © 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:

Particulars	As at 31.03.2020	As at 31.03.2019
Total Equity (A)	99,59,95,245	96,67,65,535
% Change 2019 - 20	3.02%	
Current Loans and borrowings	63,84,07,860	39,96,71,030
Non-current loans and borrowings	4,26,65,536	5,20,85,904
Total loans and borrowings (B)	68,10,73,395	45,17,56,934
% Change 2019 - 20	50.76%	
Loans & borrowings as a percentage of total equity	68.38%	46.73%
<b>Total Capital (A) + (B)</b>	<b>1,67,70,68,640</b>	<b>1,41,85,22,469</b>
% Change 2019 - 20	18.23%	



# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>18. REVENUE FROM OPERATIONS</b>		
<b>Sale of Products :</b>		
Sale of Egg Powder & Egg Liquid - Export	2,41,48,42,741	2,76,55,00,577
Sale of Egg Powder & Egg Liquid - Domestic	9,87,32,970	5,32,65,369
Sale of Eggs & Poultry Feed	44,79,75,570	17,41,42,659
Sale of Poultry Feed Ingredients	10,43,68,833	32,49,72,594
Sale of Culling Birds, Litter & Egg Shell (Waste)	5,98,57,751	2,53,49,232
Sale of Declared Goods	43,32,748	19,12,117
<b>Total</b>	<b>3,13,01,10,612</b>	<b>3,34,51,42,547</b>
<b>19. OTHER INCOME</b>		
Interest Income	1,36,16,246	2,28,36,140
Subsidies	14,24,46,494	11,05,65,401
Exchange Fluctuation gain / (loss) - Net	5,17,45,161	(4,73,40,348)
Profit on sale of Assets	65,534	2,19,714
Miscellaneous Income	4,77,029	27,66,520
<b>Total</b>	<b>20,83,50,464</b>	<b>8,90,47,428</b>
<b>20. COST OF MATERIALS CONSUMED</b>		
Raw materials, additives, consumables, vaccines & medicines consumed:		
Opening Stock	6,04,53,101	4,34,34,492
Add: Purchased during the year	1,87,76,07,042	1,81,70,82,799
Less: Closing Stock	(6,34,81,633)	(6,04,53,101)
Raw materials consumed: (a)	1,87,45,78,510	1,80,00,64,190
Packing materials consumed:		
Opening Stock	74,22,025	84,13,390
Add: Purchased during the year	4,55,47,371	3,42,96,083
Less: Closing Stock	(88,03,734)	(74,22,025)
Packing materials consumed (b)	4,41,65,662	3,52,87,448
<b>Total (a + b)</b>	<b>1,91,87,44,172</b>	<b>1,83,53,51,639</b>
<b>21. PURCHASES OF STOCK-IN-TRADE</b>		
Purchase of Egg Powder, Feed Ingredients & Plastic Pallets	74,81,49,528	78,30,73,036
<b>Total</b>	<b>74,81,49,528</b>	<b>78,30,73,036</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020**

(in ₹)

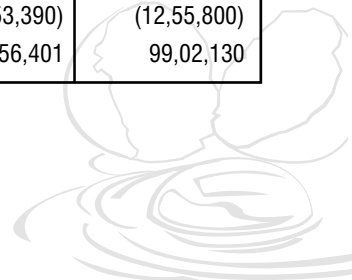
Particulars	As at 31.03.2020	As at 31.03.2019
<b>22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
Opening Stock - Finished goods	31,63,50,549	32,97,36,912
Closing Stock - Finished goods	(48,41,07,073)	(31,63,50,550)
(Increase)/Decrease in Stock	(16,77,56,524)	1,33,86,362
<b>23. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries & Wages	14,03,76,083	12,52,61,542
Contribution to Provident & Other funds	67,35,636	69,35,695
Provision for Gratuity	9,17,084	15,36,224
Provision for Earned Leave	21,57,896	19,23,372
Staff Welfare Expenses	1,23,04,403	62,15,197
<b>Total</b>	<b>16,24,91,102</b>	<b>14,18,72,031</b>
Defined Contribution Plan:		
<b>Particulars</b>	<b>2018-19</b>	<b>2018-19</b>
Employer's contribution to Provident Fund	35,46,419	31,96,561
Employer's contribution to Pension Scheme	36,90,511	35,26,387

The above Employer's contribution to defined contribution plans are net of government contribution of Rs.5,03,439/- under PMRPY & PMPRPY Scheme for the year 2019-20. (Rs.6,21,636/- for the year 2018-19).

Defined Benefit Plan:

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

Particulars	Gratuity (Funded)	
	31-03-2020	31-03-2019
Present Value of obligation at the beginning of the year	99,02,130	1,21,86,195
Current Service Cost	9,05,129	11,74,577
Interest Cost	7,42,660	9,74,896
Actuarial (gain) / loss	7,59,872	(31,77,738)
Benefits paid	(9,53,390)	(12,55,800)
Present Value of obligation at year end	1,13,56,401	99,02,130



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020**

(in ₹)

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

Particulars	Gratuity (Funded)	
	31-03-2020	31-03-2019
Fair Value of plan assets as at beginning of the year	81,61,156	79,23,361
Expected return on plan assets	7,30,705	6,13,249
Contribution made	18,64,821	8,80,346
Benefits Paid	(9,53,390)	(12,55,800)
Actuarial gain / (loss) on the plan assets	-	-
Fair Value of plan assets as at year end	98,03,293	81,61,156

## c. Reconciliation of Fair Value of Assets and Obligations

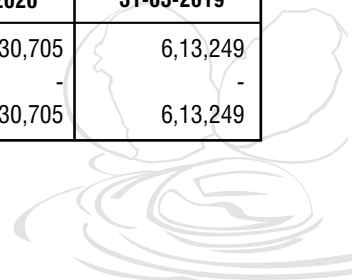
Particulars	Gratuity (Funded)	
	31-03-2020	31-03-2019
Present value of the obligation	1,13,56,401	99,02,130
Fair Value of plan assets	98,03,293	81,61,156
Funded Status (Surplus / (Deficit))	(15,53,108)	(17,40,974)
Net asset / (liability) recognized in the balance sheet	(15,53,108)	(17,40,974)

## d. Expenses recognized during the year

Particulars	Gratuity (Funded)	
	31-03-2020	31-03-2019
Current Service Cost	9,05,129	11,74,577
Interest Cost	7,42,660	9,74,896
Expected return on plan assets	(7,30,705)	(6,13,249)
Actuarial (gain) / loss	7,59,872	(31,77,738)
Net Cost	16,76,956	(16,41,514)

## e. Actual return on the plan assets:

Particulars	Gratuity (Funded)	
	31-03-2020	31-03-2019
Expected return on plan assets	7,30,705	6,13,249
Actuarial gain / loss on plan assets	-	-
Actual return on plan assets	7,30,705	6,13,249



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020

(in ₹)

## f. Actuarial Assumptions:

Particulars	Gratuity (Funded)	
	31-03-2020	31-03-2019
Discount rate (Per annum)	7.25%	7.50%
Expected rate of return on Plan Assets (Per annum)	7.25%	7.50%
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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020**

(in ₹)

**DISCLOSURE ON ACCOUNTING FOR REVENUE FROM CUSTOMERS IN ACCORDANCE WITH Ind AS 115:**

Particulars	2019 - 20	2018 - 19
<b>A. Disaggregated revenue information</b>		
<b>a. On the basis of type of goods and service:</b>		
Sale of manufactured products	2,40,07,99,841	2,23,51,74,696
Sale of products	66,51,20,273	1,08,27,06,502
Sale of by-products & declared goods scrap	6,41,90,498	2,72,61,349
<b>Total Operating Revenue</b>	<b>3,13,01,10,612</b>	<b>3,34,51,42,547</b>
<b>b. On the basis of geographical region:</b>		
In India	71,52,67,871	57,96,41,970
Outside India	2,41,48,42,741	2,76,55,00,577
<b>Total Operating Revenue</b>	<b>3,13,01,10,612</b>	<b>3,34,51,42,547</b>
<b>c. On the basis of timing of revenue recognition:</b>		
At a point of time	3,13,01,10,612	3,34,51,42,547
Over a period of time	-	-
<b>Total Operating Revenue</b>	<b>3,13,01,10,612</b>	<b>3,34,51,42,547</b>
<b>B. Contract Liabilities:</b>		
<b>a. Contract Balances:</b>		
Contract Liabilities	17,79,948	1,50,153
<b>B. Revenue recognised during the year in relation to contract liabilities:</b>		
Revenue recognised	1,50,153	93,831
<b>C. Reconciliation of revenue recognised in the statement of profit and loss with the contracted price</b>		
Revenue at contracted prices	3,13,01,10,612	3,34,51,42,547
Revenue from contract with customers	3,13,01,10,612	3,34,51,42,547
Difference	-	-
<b>D. Unsatisfied or partially satisfied performance obligation</b>		
Unsatisfied or partially satisfied performance obligation	Nil	Nil



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020**

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>24. FINANCIAL COSTS</b>		
Interest Expenses	2,42,58,980	2,01,81,288
Other borrowing costs - bank charges & bill discount	98,83,620	1,06,38,548
Exchange Fluctuation - Net	2,70,74,495	1,29,00,816
<b>Total</b>	<b>6,12,17,096</b>	<b>4,37,20,652</b>
<b>25. DEPRECIATION &amp; AMORTISATION</b>		
Depreciation on Property, plant & equipment	6,95,35,506	6,48,68,234
Amortisation of livestock - Birds	7,20,38,422	4,39,69,056
<b>Total</b>	<b>14,15,73,928</b>	<b>10,88,37,291</b>
<b>26. OTHER EXPENSES</b>		
Power & Fuel	11,88,78,401	12,86,01,803
Stores & Spares Consumption	3,97,90,494	4,97,60,137
Repairs and Maintenance:		
a) Building	59,41,999	1,20,13,392
b) Plant & Machinery	67,87,789	1,32,91,896
c) Vehicle - Fuel & Maintenance	1,90,89,740	1,85,50,388
d) Computer & Software Maintenance	34,21,477	35,54,600
e) Other Maintenance	84,69,719	91,26,366
Procurement & Direct expenses	1,40,87,000	1,22,50,350
Analysing Charges	5,29,169	8,57,452
Rates and Taxes,Registration and Renewal	36,78,148	61,84,918
Rent Expenses	1,27,61,927	25,29,133
Postage, Courier,Telephone & Internet Charges	16,84,017	20,71,730
Printing & Stationery	6,09,974	7,16,872
Insurance Premium	11,12,913	9,41,595
Advertisement and Publicity	56,58,189	1,99,86,254
Travelling Expenses	66,17,493	64,88,706
Foregin Travelling expenses	22,58,811	39,12,852
Professional Charges	66,25,978	56,50,402
Subscription	14,83,292	9,53,468
Miscellaneous Expenses	7,62,417	12,62,049
Bad Debt written off	-	16,45,834
Audit Fees	9,96,469	9,20,515



# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
Corporate Social Responsibility (CSR) Expenses	20,34,067	25,65,096
Donation	1,23,670	2,62,488
Stock Exchange Listing Fee & Secretarial Expenses	25,34,364	30,36,461
Sales Commission	3,52,86,386	4,93,34,116
Selling Expenses	1,81,48,393	1,28,46,465
Freight and Forwarding Charges	7,21,02,479	6,83,52,672
<b>Total</b>	<b>39,14,74,775</b>	<b>43,76,68,009</b>
<b>26(i) PAYMENT TO AUDITORS AS:</b>		
(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	5,000	61,000
(c) For Appeal Representation and Others - Included in Prof charges	67,000	2,10,840
(d) Reimbursement of expenses	-	5,004
<b>Total</b>	<b>7,72,000</b>	<b>9,76,844</b>
<b>26 (ii) CORPORATE SOCIAL RESPONSIBILITY (CSR):</b>		
(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.7.95 lakhs (Previous year Rs.25.23 lakhs)		
(b) Details of amount spent towards CSR is given below:		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	20,34,067	25,65,096
<b>Total</b>	<b>20,34,067</b>	<b>25,65,096</b>
(c) Out of the above expenditure, Rs.17,50,000/- is spent through implementing agency - SKM Health and Mind Welfare Charitable trust		
<b>27 (i) CURRENT TAX</b>		
Income Tax - Normal Provisions	2,44,57,454	2,27,35,052
Income Tax - Relating to preceding years	48,30,786	-
<b>Total</b>	<b>2,92,88,240</b>	<b>2,27,35,052</b>
<b>27. (ii) DEFERRED TAX</b>		
On account of variation of allowances for tax purpose in :		
Depreciation (DTA)/DTL	(6,88,401)	(1,48,34,677)
Business Losses (DTA)/DTL	-	42,66,544
Provision for gratuity & Earned Leave DTA/(DTL)	(1,05,177)	(3,51,140)
<b>Total</b>	<b>(7,93,578)</b>	<b>(1,09,19,273)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020

(in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>28. EARNINGS PER SHARE</b>		
(i) Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs)	4,69,43,513	4,84,89,597
(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)	1.78	1.85
(vi) Diluted Earnings per Share (Rs) (i) / (iv)	1.78	1.85
(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.

**29. INCOME TAXES:**

The management feels that reconciliation between the provision of income tax and amounts computed by applying the statutory income tax rate to profit before taxes to the consolidated statement of profit and loss account is onerous and will not serve any useful purpose, since the subsidiary is a foreign company in Europe and taxation laws of both the companies are different and hence it is impracticable to reconcile the tax amounts in the consolidated statement of Profit & Loss

**30. 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".

II. Primary Segment Information

(in ₹)

Particulars	Manufacturing		Trading		Unallocable		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<b>1 Segment Revenue</b>								
External Turnover	2,46,49,90,339	2,26,24,36,044	66,51,20,273	1,08,27,06,502	-	-	3,13,01,10,612	3,34,51,42,547
Inter Segment Turnover	-	-	-	-	-	-	-	-
<b>Revenue from operations (net of GST)</b>	<b>2,46,49,90,339</b>	<b>2,26,24,36,044</b>	<b>66,51,20,273</b>	<b>1,08,27,06,502</b>	-	-	<b>3,13,01,10,612</b>	<b>3,34,51,42,547</b>
<b>2 Segment Result</b>								
Segment Result before Interest & Taxes	12,06,10,096	8,16,80,622	25,86,253	(7,97,712)	-	-	12,31,96,349	8,08,82,909
Less: Finance costs			(15,37,434)	(12,48,811)	(5,96,79,662)	(4,24,71,841)	(6,12,17,096)	(4,37,20,652)
Add: Interest Income					1,36,16,246	2,28,36,140	1,36,16,246	2,28,36,140
Profit Before Tax	12,06,10,096	8,16,80,622	10,48,819	(20,46,524)	(4,60,63,416)	(1,96,35,701)	7,55,95,499	5,99,98,397
Less: Current Tax					(2,92,88,240)	(2,27,35,052)	(2,92,88,240)	(2,27,35,052)
Less: Deferred Tax (exp) / income			7,93,578	1,09,19,273			7,93,578	1,09,19,273
Profit After Tax (before adjustment for Non Controlling Interest)	12,06,10,096	8,16,80,622	10,48,819	(20,46,524)	(7,45,58,079)	(3,14,51,480)	4,71,00,836	4,81,82,618
Less: Share of Profit / (loss) transferred to Non Controlling Interest					1,57,323	(3,06,979)	1,57,323	(3,06,979)
Profit After Tax (after adjustment for Non Controlling Interest)	12,06,10,096	8,16,80,622	10,48,819	(20,46,524)	(7,47,15,402)	(3,11,44,501)	4,69,43,513	4,84,89,597
<b>3 Other Information</b>								
Segment Assets	1,58,36,51,047	1,27,58,65,111	16,95,28,223	22,01,97,971	28,66,05,246	33,08,94,033	2,03,97,84,516	1,82,69,57,115
Segment Liabilities	82,05,81,165	58,48,79,540	13,89,24,910	18,70,60,526	8,42,83,195	8,82,51,513	1,04,37,89,271	86,01,91,580
Capital Expenditure	6,86,21,150	13,35,53,638	-	-	-	-	6,86,21,150	13,35,53,638
Depreciation & Amortisation	14,15,06,278	10,87,70,101	67,651	67,189	-	-	14,15,73,928	10,88,37,291

## 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	2019-20	2018-19
<b>1. Segment Revenue - External Turnover</b>		
(a) Within India	71,52,67,871	57,96,41,970
(b) Outside India:		
(i) Japan	58,00,36,226	1,02,86,58,363
(ii) Russia	61,85,04,499	34,79,31,846
(iii) Europe	56,07,51,440	75,77,33,909
(iv) Rest of the World	65,55,50,576	63,11,76,459
<b>Total</b>	<b>3,13,01,10,612</b>	<b>3,34,51,42,547</b>
<b>2. Non-Current Assets</b>		
(a) Within India	69,45,14,202	70,27,19,833
(b) Outside India - Europe	41,727	1,09,378
<b>Total</b>	<b>69,45,55,929</b>	<b>70,28,29,211</b>

Revenues from one customer of the company amount to more than 10% of the Company's total revenues and represent approximately Rs.58 crores (previous year Rs.103 crores) of the total revenue of the company.



## 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 Ltd
(ii) Key Management Personnel	SKM Shree Shivkumar
	Sri.SKM Maeilanandhan
	K.S.Venkatachalapathy
(iii) 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 :

<b>(i) Associate</b>	
(a) SKM Universal Marketing Company India Private Limited	Domestic associate company in which the company holds 26% voting power
<b>(ii) Key Management Personnel</b>	
(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
<b>(iii) Other Related Parties</b>	
(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



**(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 2019-20 &amp; 2018-19 :

Nature of relationship	Nature of Transactions	2019 - 20 (Rs)	2018 - 19 (Rs)
<b>(i) Associate</b>	Sale of goods	10,57,85,598	10,42,64,246
	Rent Income	-	30,680
	Purchase of goods	9,57,29,100	87,05,65,170
	Purchase of Motor Vehicle	61,53,380	-
	Purchase of Electricity	2,06,01,908	2,71,59,083
<b>(ii) Key Management Personnel</b>	Remuneration paid	2,23,45,288	2,21,66,134
	Rent paid	3,23,710	3,50,580
<b>(iii) Other Related Parties</b>	Sale of goods	28,95,534	27,35,136
	Purchase of goods	1,99,585	2,10,056

(c-ii) The company has the following balances outstanding as of March 31, 2020 and March 31, 2019 :

Nature of relationship	Nature of Balances outstanding	As at 31.03.2020 (Rs)	As at 31.03.2019 (Rs)
<b>(i) Associate</b>	Investments	1,18,45,572	1,18,45,572
	Trade receivables	53,76,711	40,15,712
	Trade payables	1,42,50,175	44,94,000
<b>(ii) Key Management Personnel</b>	-	-	-
<b>(iii) Other Related Parties</b>	Trade receivables	1,10,426	2,00,833
	Trade payables	46,161	90,305

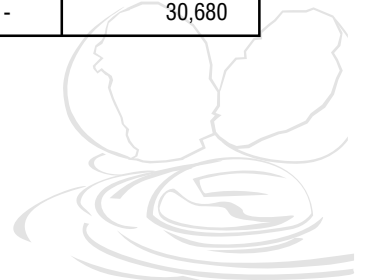


## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

### (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, 2020 and March 31, 2019

Particulars	Relationship	2019 - 20 (Rs)	2018 - 19 (Rs)
<b>1) Purchase of goods</b>			
(a) SKM Siddha and Ayurvedha Company India Private Limited	Other Related Party	1,99,585	2,10,056
(b) SKM Universal Marketing Company India Private Limited	Associate	9,57,29,100	87,05,65,170
<b>2) Purchase of Electricity</b>			
(a) SKM Universal Marketing Company India Private Limited	Associate	2,06,01,908	2,71,59,083
<b>3) Purchase of Motor Vehicle</b>			
(a) SKM Universal Marketing Company India Private Limited	Associate	61,53,380	-
<b>4) Rent paid</b>			
(a) SKM Shree Shivkumar	Key Management Personnel	3,23,710	3,50,580
<b>5) Remuneration paid</b>			
(a) SKM Shree Shivkumar	Key Management Personnel	1,60,06,953	1,60,07,105
(b) Sri.SKM Maeilanandhan	Key Management Personnel	30,42,730	30,45,962
(c) K.S.Venkatachalapathy	Key Management Personnel	26,66,625	25,29,282
(d) P.Sekar	Key Management Personnel	6,28,980	5,83,785
<b>6) Sale of goods</b>			
(a) SKM Animal Feeds and Foods India Private Limited	Other Related Party	28,95,534	27,35,136
(b) SKM Universal Marketing Company India Private Limited	Associate	10,57,85,598	10,42,64,246
<b>7) Rent Income</b>			
(a) SKM Universal Marketing Company India Private Limited	Associate	-	30,680



## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

The following are the significant related party balances outstanding as of March 31, 2020 and March 31, 2019

Particulars	Relationship	As at 31.03.2020 (Rs)	As at 31.03.2019 (Rs)
<b>1) Trade receivables</b>			
(a) SKM Universal Marketing Company India Private Limited	Associate	53,76,711	40,15,712
(b) SKM Animal Feeds and Foods India Private Limited	Other Related Party	1,10,426	2,00,833
<b>2) Trade payables</b>			
(a) SKM Universal Marketing Company India Private Limited	Associate	1,42,50,175	44,94,000
(b) SKM Siddha and Ayurvedha Company India Private Limited	Other Related Party	46,161	90,305
<b>3) Investments</b>			
(a) SKM Universal Marketing Company India Private Limited	Associate	1,18,45,572	1,18,45,572

### (e) Compensation of Key Management Personnel

Particulars	2019 - 20 (Rs)	2018 - 19 (Rs)
(i) Short-term employee benefits	1,99,50,328	2,10,71,182
(ii) Post-employment benefits *	23,94,960	10,94,952
(iii) Other long-term benefits	-	-
(iv) Termination benefits	-	-
(v) Share-based payment	-	-
	2,23,45,288	2,21,66,134

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





**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 2020 (Rs)	As at 31st March 2019 (Rs)
(I) Borrowings:		
Euro	9,36,42,614	2,88,63,864
USD	55,17,06,686	37,82,69,201
(ii) Trade & other payables		
Euro	11,48,44,482	15,06,93,035
USD	-	-
(iii) Trade & other receivables		
Euro	12,43,73,038	13,53,69,935
USD	6,10,68,087	4,57,08,170
<b>Net Exposure (i + ii - iii)</b>	<b>57,47,52,657</b>	<b>37,67,47,995</b>

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

Particulars	As at 31st March 2020 (Rs)		
	USD	Euro	Total
1% Depreciation in INR			
Impact on equity	-	-	-
Impact on P & L	(49,06,386)	(8,41,141)	(57,47,527)
Total	(49,06,386)	(8,41,141)	(57,47,527)
1% Appreciation in INR			
Impact on equity	-	-	-
Impact on P & L	49,06,386	8,41,141	57,47,527
Total	49,06,386	8,41,141	57,47,527
Particulars	As at 31st March 2019 (Rs)		
	USD	Euro	Total
1% Depreciation in INR			
Impact on equity	-	-	-
Impact on P & L	(33,25,610)	(4,41,870)	(37,67,480)
Total	(33,25,610)	(4,41,870)	(37,67,480)
1% Appreciation in INR			
Impact on equity	-	-	-
Impact on P & L	33,25,610	4,41,870	37,67,480
Total	33,25,610	4,41,870	37,67,480

## 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 2020 (Rs)	As at 31st March 2019 (Rs)
(i) Borrowings - Short term		
Borrowings in Euro	9,36,42,614	2,88,63,864
Borrowings in USD	55,17,06,686	37,82,69,201
Borrowings in INR - Current maturity of Long Term loan	98,52,250	90,04,535
(ii) Borrowings - Long term		
Borrowings in INR	2,58,71,845	3,56,21,984
<b>Net Exposure</b>	<b>68,10,73,395</b>	<b>45,17,59,584</b>

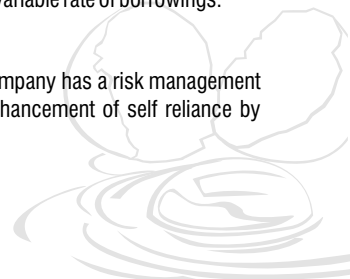
Impact on interest expenses for the year on 1% change in interest rates

Particulars	2019 - 20	2018 - 19
Up Move		
Impact on equity	-	-
Impact on P & L	(75,74,934)	(65,61,941)
<b>Total</b>	<b>(75,74,934)</b>	<b>(65,61,941)</b>
Down Move		
Impact on equity		
Impact on P & L	75,74,934	65,61,941
<b>Total</b>	<b>75,74,934</b>	<b>65,61,941</b>

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.



**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 2020 (Rs)	As at 31st March 2019 (Rs)
(a) Within India	2,15,59,260	3,29,23,789
(b) Outside India:		
(i) Japan	2,33,76,072	1,97,32,861
(ii) Russia	6,45,24,334	4,79,17,843
(iii) Europe	9,48,95,864	12,79,80,375
(iv) Rest of the World	3,60,01,542	2,59,75,310
<b>Total</b>	<b>24,03,57,072</b>	<b>25,45,30,178</b>

**Year ended 31-03-2020**

Expected credit loss for trade receivables under simplified approach

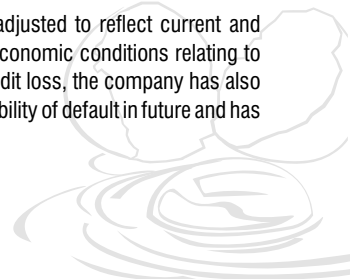
Ageing	Upto 180 days	More than 181 days	Total
Gross carrying amount - Trade receivables	24,02,19,264	1,37,808	24,03,57,072
Expected credit losses (Loss allowance provision) - trade receivables	-	-	-
Carrying amount of trade receivables (net of impairment)	24,02,19,264	1,37,808	24,03,57,072

**Year ended 31-03-2019**

Expected credit loss for trade receivables under simplified approach

Ageing	Upto 180 days	More than 181 days	Total
Gross carrying amount - Trade receivables	25,43,89,870	1,40,308	25,45,30,178
Expected credit losses (Loss allowance provision) - trade receivables	-	-	-
Carrying amount of trade receivables (net of impairment)	25,43,89,870	1,40,308	25,45,30,178

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.



## 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.21.47 crores as on 31st March 2020) & (Rs.23.21 crores as on 31st March 2019) and maintaining availability of standby funding through an adequate line up of committed credit facilities (Rs.61.61 crores as on 31st March 2020) & (Rs.39.07 crores as on 31st March 2019).

### Liquidity Exposure as at 31.03.2020:

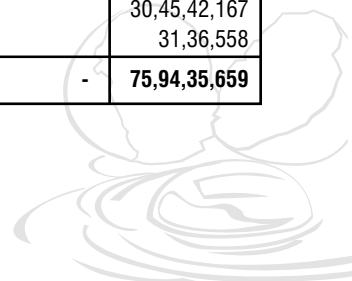
Particulars	< 1 year	1 - 5 years	> 5 years	Total
<b>Financial Assets:</b>				
Non-Current investments			9,11,494	9,11,494
Loans	4,97,34,838	84,69,578	1,28,83,683	7,10,88,099
Trade receivables	24,03,57,072			24,03,57,072
Cash and cash equivalents	21,59,33,690			21,59,33,690
Bank balances other than (ii) above	41,64,204			41,64,204
Other Financial Assets	2,50,00,000			2,50,00,000
<b>Total Financial Assets</b>	<b>53,51,89,804</b>	<b>84,69,578</b>	<b>1,37,95,177</b>	<b>55,74,54,559</b>
<b>Financial Liabilities:</b>				
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
<b>Total Financial Liabilities</b>	<b>89,79,06,412</b>	<b>4,26,65,536</b>	<b>-</b>	<b>94,05,71,948</b>

### Liquidity Exposure as at 31.03.2019:

Particulars	< 1 year	1 - 5 years	> 5 years	Total
<b>Financial Assets:</b>				
Non-Current investments			78,82,994	78,82,994
Loans	3,81,39,482	28,94,792	1,86,84,084	5,97,18,358
Trade receivables	25,45,30,178			25,45,30,178
Cash and cash equivalents	23,99,76,008			23,99,76,008
Bank balances other than (ii) above	31,36,558			31,36,558
Other Financial Assets	2,50,00,000			2,50,00,000
<b>Total Financial Assets</b>	<b>56,07,82,226</b>	<b>28,94,792</b>	<b>2,65,67,078</b>	<b>59,02,44,096</b>
<b>Financial Liabilities:</b>				
Long Term Borrowings*	90,04,535	5,20,85,904		6,10,90,439
Short Term Borrowings	39,06,66,495			39,06,66,495
Trade Payables	30,45,42,167			30,45,42,167
Other Financial Liabilities**	31,36,558			31,36,558
<b>Total Financial Liabilities</b>	<b>70,73,49,755</b>	<b>5,20,85,904</b>	<b>-</b>	<b>75,94,35,659</b>

\* - 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.





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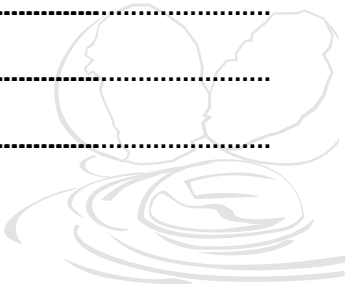
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## SKM EGG PRODUCTS

THINKING OUT OF THE SHELL

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