SKM Egg Products Export India Limited

August 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	45.25 (Reduced from 53.17)	CARE A-; Stable	Reaffirmed
Long-term / Short-term bank facilities	90.00	CARE A-; Stable / CARE A2+	Reaffirmed
Short-term bank facilities	70.00	CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of SKM Egg Products Export India Limited (SKML) continue to derive strength from its long operational track record for over two decades in the egg powder business, dominant position in the export of egg powder from India, strategically located manufacturing facilities with adherence to high-quality standards, integrated nature of operations and diversified product offerings with a well-established distribution network. Ratings also factor in comfortable capital structure, comfortable coverage indicators and strong liquidity position. However, ratings are constrained by SKML's geographical and client concentration risk, profitability susceptible to international egg powder prices, foreign exchange fluctuations, and the industry's susceptibility to outbreaks of Avian Influenza and other diseases.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability to scale up the operations to over ₹1,000 crore while maintaining profit before interest lease rentals, depreciation, and taxation (PBILDT) margin above 15% on a sustained basis.
- Improving capital structure with overall gearing below 0.3x.

Negative factors

- Further large debt-funded capex leading to deteriorating capital structure with overall gearing above the range of 0.75x.
- Weakening liquidity profile with free cash and liquid investments below ₹30 crore on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The "stable" outlook reflects that CARE Ratings Limited (CareEdge Ratings) expects the company to sustain its operational performance in the medium term benefiting from integrated nature of operations with diversified product profile and strong presence in the market.

Detailed description of key rating drivers:

Key strengths

Experienced promoters and long operational track record of three decades

SKM Maeilanandhan, promoter of the SKM group, has nearly four decades of experience in the poultry and related industries. He is assisted by his son, Shree Shivkumar, with ~27 years of experience in the industry. SKML has a long track record of operations for three decades in manufacturing and exporting egg powder.

Integrated and strategically located manufacturing facility with adherence to high quality standards

SKML's operations are integrated with the company having its own and leased poultry farm to meet ~90% of egg requirements and also its own feed manufacturing unit to cater to its poultry farm. All the poultry farms including the company's own farm are strategically in proximity to the company's manufacturing unit (30-40 km radius), providing easier access to the raw material and ensuring lesser breakage of eggs in transit. The company's entire operations from the egg-breaking process up to production and packing of the final egg powder is automated to maintain high level of quality standards.

Largest exporter of egg powder from India backed by diversified product offerings and established distribution network

SKML is the largest exporter of egg powder from India, accounting for ~65-70% of the overall export of egg yolk and albumin egg powder from India. The company's majority sales are from Russia and Japan, followed by Vietnam, the UAE, Denmark, Italy and Netherlands. The company has a diversified range of products including egg yolk powder, egg albumin, bakery mix, and

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

liquid egg, among others, which are widely used in bakery, pasta, noodles, meat & fish products and in mayonnaise. SKML has well-established distribution network spread across countries, with exports contributing 58% (76% in FY24) of the total income in FY25.

Comfortable gearing and coverage indicators

The company's overall gearing stood comfortable at 0.54x as on March 31, 2025, against at 0.59x as on March 31, 2024. The interest coverage ratio also stood comfortable at 7.29x (PY:14.88x) in FY25 while total debt to gross cash accruals (TD/GCA) stood at 2.27x as on March 31, 2025, against 1.29x as on March 31, 2024.

Key weaknesses

Moderation in total operating income in FY25

The company's total operating income (TOI) declined to ₹496.54 crore in FY25 from ₹692.18 crore in FY24, mainly due to a drop in export sales caused by lower selling prices for its egg products. However, the domestic sales improved by 26% in FY25. The PBILDT margin moderated to 16.49% in FY25 from 22.12% in FY24 due to reduction in egg products realisation.

Geographically concentrated revenue

SKML's majority sales are contributed by Japan and Russia, which together account of 45% (46% in FY24) of total export sales. SKML's 10 ten customers contributed 32% of total sales in FY25, which improved from 52% in FY24. SKML's higher concentration on Japanese and European markets exposes the company to changes in consumption pattern in these markets and entry of alternate products. To improve geographical presence and customer base, SKML has been adding new customers in other geographies and focusing on the domestic market for the sale of its liquid products and frozen egg albumen.

Exposure to foreign exchange risk

More than 50% of SKML's revenue is generated in foreign currency, while the raw material is procured locally barring certain consumables. SKML enters forward contracts for ~60% of its receivables for one year, however, the company is exposed to foreign currency fluctuations for the rest of the exposure.

Industry's performance vulnerable to outbreaks of flu and other diseases

A ban on exports could lead to products being piled up, leading to an excess supply situation causing a sharp fall in the end-product prices. Such scenario is expected to have an impact on the company's revenues and profitability. In the past, during such bird flu outbreaks, the company's sale of egg powder was also affected to an extent. However, the high level of safety standards such as high temperature pasteurisation and high-quality processing at the company's units reduces major impact on its revenues from such outbreaks.

Liquidity: Strong

The company has a strong liquidity profile marked by comfortable accruals of ₹71.14 crore in FY25 against expected repayment obligation of ₹12.06 crore in FY26. As on March 31, 2025, the company holds cash, bank balances, and liquid investments amounting to ₹153.01 crore (PY: ₹145.22 crore), providing ample financial flexibility for future capacity expansion projects. The average working capital utilisation of fund-based limits stood comfortable at 77% for 12 months ended May 2025. Operating cycle stood at 105 days in FY25, which increased from 91 days in FY24 due to increased inventory levels to take advantage of lower feed input prices. The current ratio stood comfortable at 2.36x as on March 31, 2025 (PY: 2.28x).

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast moving consumer goods	Fast moving consumer goods	Food products	Other food products

Promoted in 1995 by SKM Maeilanandhan (Chairman), SKLM is a joint sector undertaking with Tamil Nadu Industrial Development Corporation Limited. SKML is a listed entity and as on March 31, 2025, promoters held 47.82% stake, TIDCO 7.58% stake and the rest held by institutions and general public. SKML is engaged in manufacture and sale of egg powder and liquid egg with varieties of blends used across segments in the food industry such as bakery & confectionery, noodles & pasta, meat & fish products, mayonnaise & salad dressing and also in health and pharmaceuticals sectors. The company has an installed capacity to break 1.8 million eggs per day to produce 6,900 MT of egg powder annually. SKML is an export-oriented unit exporting egg powder to over 30 countries, mainly in Europe, and to Japan, Russia, Vietnam, Indonesia, and the Middle East.

Brief financials (₹ crore)	FY24 (A)	FY25 (A)	Q1FY26 (UA)
Total operating income	692.18	496.54	173.65
PBILDT	153.12	81.86	31.14
PAT	83.91	35.12	16.32
Overall gearing (times)	0.59	0.54	NA
Interest coverage (times)	14.88	7.29	9.61

A: Audited; UA: Unaudited, NA: Not available Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term loan		-	-	December 2030	45.25	CARE A-; Stable
Fund-based - LT/ ST-Packing credit in foreign currency		-	-	-	90.00	CARE A-; Stable / CARE A2+
Fund-based - ST-Foreign bill discounting		-	-	-	60.00	CARE A2+
Non-fund-based - ST-Credit exposure limit		-	-	-	10.00	CARE A2+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT/ ST-Packing credit in Foreign currency	LT/ST	90.00	CARE A-; Stable / CARE A2+	-	1)CARE A-; Stable / CARE A2+ (06-Aug-24)	1)CARE A-; Stable / CARE A2+ (31-Jul-23) 2)CARE A-; Stable / CARE A2+ (05-Apr-23)	1)CARE BBB+; Stable / CARE A2 (05-Jul-22)
2	Fund-based - ST-Foreign bill discounting	ST	60.00	CARE A2+	-	1)CARE A2+ (06-Aug-24)	1)CARE A2+ (31-Jul-23) 2)CARE A2+ (05-Apr-23)	1)CARE A2 (05-Jul-22)
3	Fund-based - LT-Term loan	LT	45.25	CARE A-; Stable	-	1)CARE A-; Stable (06-Aug-24)	1)CARE A-; Stable (31-Jul-23) 2)CARE A-; Stable (05-Apr-23)	1)CARE BBB+; Stable (05-Jul-22)
4	Non-fund-based - ST-Credit exposure limit	ST	10.00	CARE A2+	-	1)CARE A2+ (06-Aug-24)	1)CARE A2+ (31-Jul-23) 2)CARE A2+ (05-Apr-23)	1)CARE A2 (05-Jul-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term loan	Simple
2	Fund-based - LT/ ST-Packing credit in foreign currency	Simple
3	Fund-based - ST-Foreign bill discounting	Simple
4	Non-fund-based - ST-Credit exposure limit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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