SKM Egg Products Export India Limited

August 20, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	90.00	CARE A-; Stable / CARE A2+	Reaffirmed
Long-term bank facilities	RBI	37.82 (Reduced from 45.25)	CARE A-; Stable	Reaffirmed
Short-term bank facilities	RBI	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 three decades in the egg powder business, dominant position in export of egg powder from India, 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 and execution risks associated with its large debt funded capex. Ratings are also constrained by profitability margins being susceptible to international egg powder prices, raw material and feed 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 on a sustained basis.
- 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. The family's third generation is actively involved in the business through SK Sharath Raam, son of Shivkumar. SK Sharath Raam holds a postgraduate degree in Psychology from King's College London and was appointed as Executive Director in August 2023. SKML has a long track record of operations for three decades in manufacturing and exporting egg powder.

Strong recovery in financial performance in FY26 after moderation in FY25

After a moderation in performance in FY25, SKML witnessed a strong recovery in FY26. The company's total operating income increased sharply by 56.1% to ₹775.23 crore in FY26 from ₹496.54 crore in FY25 (₹692.18 crore in FY24). Improvement was

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

driven by a rebound in export demand, favourable market conditions, and higher realisations across key egg powder products, leading to a significant improvement in the PBILDT margin to 23.07% from 16.49% (PY:22.12%) in FY25. While profitability strengthened considerably, margins are expected to remain range-bound over the medium term, considering cyclical nature of the business.

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 its entire egg requirements and its own feed manufacturing unit to cater to its poultry farm. All poultry farms including the company's own farm are 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 ~60-65% of the overall export of egg yolk and albumen egg powder from India. The company's majority sales are to Russia and Japan, followed by, the UAE, Vietnam, Indonesia, Thailand and the Netherlands. The company has a diversified range of products including egg yolk powder, egg albumen, bakery mix, and 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 78.76% (58.13% in FY25) of the total income in FY26.

Comfortable gearing and coverage indicators

The company's overall gearing stood comfortable at 0.44x as on March 31, 2026, against at 0.54x as on March 31, 2025. The company has unencumbered free cash and liquid investments of ₹167.90 crore (PY: ₹153.01 crore) as on March 31, 2026. Adjusting for free cash and liquid investments, net gearing ratio stood at 0.02x (PY: 0.03x) as on March 31, 2026. Interest coverage ratio also improved and stood comfortable at 12.14x (PY: 7.29x) in FY26 while total debt to gross cash accruals (TD/GCA) also stood improved at 1.22x as on March 31, 2026, against 2.27x as on March 31, 2025. The company is also undertaking a large capex project at an estimated cost of ₹446 crore, which would be funded by term loans to the extent of ₹300 crore and remaining through internal accruals. Capital structure is expected to remain comfortable despite ongoing debt-funded capex.

Key weaknesses

Project execution risk associated with large debt funded capex

The company is undertaking a larger capex program of ₹446 crore (1.13x of FY26 net worth) to expand its environmentally controlled sheds (EC Sheds) to accommodate additional 20 lakh birds (which are in leased farms currently) by November 2028, a new 500 TPD feed mill, and an enhanced biogas facility capable of processing 220 TPD of poultry litter to generate ~19,800 cubic metres biogas per day. The investment is aimed at strengthening backward integration, improving captive egg availability, biosecurity, feed cost efficiency, and operational sustainability, rather than expanding egg breaking or egg powder manufacturing capacity. Funded largely through term loans of ₹302 crore, the project is at nascent stages of implementation with financial closure yet to be achieved. The company incurred ₹40 crore as on date towards this project through own funds. Timely execution without material cost or schedule overruns remains a key monitorable.

Geographically concentrated revenue

SKML's majority sales are contributed by Japan and Russia, which together account for 58.29% (45.25% in FY25) of total export sales. SKML's top 10 customers contributed 48% of total sales in FY26 against 32.08% of the total sales in FY25. 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

Over 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.

Margins vulnerable to raw material and feed costs

Profitability margins in the egg powder industry are inherently volatile, driven by fluctuations in demand from export markets and the food processing industry, which impact product realisations. Margins are also sensitive to movements in raw egg prices, influenced by supply-demand dynamics and seasonal trends. Feed costs, primarily maize and soybean meal, constitute a significant portion of production costs and can vary considerably over time. Consequently, the operating performance of the

industry participants remain susceptible to changes in product realisations and input costs across business cycles. PBILDT margins remained volatile in the range of 11-23% in the last five years.

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 end-product prices. Such a 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, high level of safety standards such as high temperature pasteurisation and high-quality processing at the company's units cushions the impact on the company's revenues from such outbreaks.

Liquidity: Strong
The company has a strong liquidity profile marked by comfortable accruals of ₹143.10 crore in FY26 against expected repayment obligations of ₹11.68 crore in FY27. As on March 31, 2026, the company held cash, bank balances and liquid investments amounting to ₹167.90 crore (PY: ₹153.01 crore), providing liquidity cushion. The company is not expected to utilise its existing cash reserves for the proposed capex, as the funding is anticipated to be met through a combination of term loans and internal accruals. Average utilisation of fund-based limits stood at 84.75% for 12 months ended June 2026. Operating cycle improved to 83 days in FY26 from 105 days in FY25, primarily driven by better inventory management, as reflected in reduction of inventory holding period to 68 days from 95 days in the same period. The current ratio stood comfortable at 2.50x (PY:2.36x) as on March 31, 2026.

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 (TIDCO). SKML is a listed entity and as on March 31, 2026, promoters held 49.89% stake, TIDCO 7.58% stake and the rest held by institutions and general public. SKML is engaged in manufacturing and selling 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 2 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)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	496.54	775.23	192.06
PBILDT*	81.86	178.88	42.66
Profit after tax (PAT)	35.12	102.28	24.03
Overall gearing (x)	0.54	0.44	NA
Interest coverage (x)	7.29	12.14	16.10

A: Audited; UA: Unaudited NA: Not Available; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-		-	31-12-2026	37.82	CARE A-; Stable
Fund-based - LT/ ST-Packing Credit in Foreign Currency	RBI	Simple	-		-	-	90.00	CARE A-; Stable / CARE A2+
Fund-based - ST-Foreign Bill Discounting	RBI	Simple	-		-	-	60.00	CARE A2+
Non-fund-based - ST-Credit Exposure Limit	RBI	Simple	-		-	-	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 2026-2027	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
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+ (04-Aug-25)	1)CARE A-; Stable / CARE A2+ (06-Aug-24)	1)CARE A-; Stable / CARE A2+ (31-Jul-23)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	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
								2)CARE A-; Stable / CARE A2+ (05-Apr-23)
2	Fund-based - ST-Foreign Bill Discounting	ST	60.00	CARE A2+	-	1)CARE A2+ (04-Aug-25)	1)CARE A2+ (06-Aug-24)	1)CARE A2+ (31-Jul-23) 2)CARE A2+ (05-Apr-23)
3	Fund-based - LT-Term Loan	LT	37.82	CARE A-; Stable	-	1)CARE A-; Stable (04-Aug-25)	1)CARE A-; Stable (06-Aug-24)	1)CARE A-; Stable (31-Jul-23) 2)CARE A-; Stable (05-Apr-23)
4	Non-fund-based - ST-Credit Exposure Limit	ST	10.00	CARE A2+	-	1)CARE A2+ (04-Aug-25)	1)CARE A2+ (06-Aug-24)	1)CARE A2+ (31-Jul-23) 2)CARE A2+ (05-Apr-23)

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: 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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