



**SKM EGG PRODUCTS**

THINKING OUT OF THE SHELL

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

## **TWENTY THIRD ANNUAL REPORT 2017 - 2018**

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

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# SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

CIN : L01222TZ1995PLC006025

REGD. OFFICE : 185, CHENNIMALAI ROAD, ERODE - 638 001.

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<b>BOARD OF DIRECTORS</b>	:	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. S.M.VENKATACHALAPATHY (DIN:00043288) SHRI. P.KUMARASAMY (DIN:00046090) SHRI. M. CHINNIAN (DIN:01497482) SHRI. B. RAMAKRISHNAN (DIN:00182214) SHRI. D. VENKATESWARAN (DIN:05170759)
<b>EXECUTIVE CHAIRMAN</b>	:	SHRI. SKM MAEILANANDHAN (DIN:00002380)
<b>MANAGING DIRECTOR</b>	:	SHRI. SKM SHREE SHIVKUMAR (DIN:00002384)
<b>CHIEF FINANCIAL OFFICER</b>	:	SHRI. K.S.VENKATACHALAPATHY., B.Com, FCA.,
<b>COMPANY SECRETARY</b>	:	SHRI. P.SEKAR., M.Com., ACS.,
<b>STATUTORY AUDITOR</b>	:	MR. PRASANNA VENKATESAN B.Com., ACA., 302(D) INDIAN NAGAR 9TH STREET, 46 PUDUR POST, ERODE - 638 001.
<b>SECRETARIAL AUDITOR</b>	:	SHRI.V.RAMKUMAR, M.A., CAIIB, FCS, COMPANY SECRETARY IN PRACTICE, NO.23, EAST AROKIASAMY STREET, R.S.PURAM, COIMBATORE - 641 002.
<b>BANKERS</b>	:	STATE BANK OF INDIA COMMERCIAL BRANCH SATHY MAIN ROAD ERODE - 638 003.
<b>REGISTERED OFFICE</b>	:	185, CHENNIMALAI ROAD, ERODE - 638 001.
<b>FACTORY</b>	:	ERODE TO KARUR MAIN ROAD, CHOLANGAPALAYAM, PUNJAI KILAMBADI VILLAGE, ERODE - 638 154.

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### **NOTICE OF 23<sup>rd</sup> ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 23<sup>rd</sup> Annual General Meeting of the **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED** will be held as shown below:

Date : **26<sup>th</sup> September, 2018**  
Day : **Wednesday**  
Time : **4.00 P.M**  
Venue : Regd Office : 185, Chennimalai Road, Erode-638001

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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, 2018 including Audited Balance Sheet as at 31st March, 2018, 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 2017-18 at the rate of Rs. 0.50/- per share of Rs. 10/- each fully paid up (5 %), be declared and paid for the financial year ended 31st March, 2018 on the equity shares of Rs 10/- each to the shareholders whose name appear on the Register of Members of the Company as on 19<sup>th</sup> September, 2018 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 19<sup>th</sup> September, 2018 in respect of the shares held in demat form.

##### **3. Re-appointment of Mrs S Kumutaavalli, as 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.”

##### **4. Re-appointment of Statutory Auditor**

To appoint Statutory Auditors and to determine their remuneration.

To consider and if deemed fit, to pass the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory

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modification(s) or re-enactment thereof, for the time being in force), Mr N Prasanna Venkatesan, Chartered Accountant (Membership No. 235530), who was appointed as Statutory Auditors of the company at 22<sup>nd</sup> Annual General Meeting to hold office up to the conclusion of 23<sup>rd</sup> Annual General Meeting and have confirmed his eligibility to be appointed as Auditors in terms of the provisions of Section 141 of the Act and the relevant Rules and have offered themselves for re-appointment, be and are hereby re-appointed as the Statutory Auditor of the company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the company at such remuneration as may be determined and recommended by the Audit Committee in consultation with the Statutory Auditors and duly approved by the Board of Directors, be and are hereby approved.

**“RESOLVED FURTHER THAT** the Board of Directors of the company (including a Committee thereof), be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution.”

### **SPECIAL BUSINESS:**

#### **5. Approval for revision in terms and conditions of appointment of Managing Director:**

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

**RESOLVED THAT** pursuant to the provisions of Sections 196,197 and 198 read with Schedule V and all other applicable provisions, if any of the Companies Act, 2013 and the rules made thereunder including any statutory modification(s) or re-enactment thereof, for the time being in force, as recommended by the Nomination and Remuneration Committee, the consent of the Company be and is hereby accorded to vary the terms and conditions of the appointment of Mr. SKM Shree Shivkumar (DIN: 00002384) Chief Executive Officer cum Managing Director of the Company, be and is hereby revised on the following terms and conditions

1. **Period of Appointment:** In supersession of the appointment made in 21<sup>st</sup> AGM held on 02<sup>nd</sup> September 2016 the term of office would end with 24<sup>th</sup> June 2019
2. **Salary** : Rs. 13,50,000/- per month
3. **Commission** : NIL
4. **Perquisites** : Rs. 50,000/- per month
5. **Other Perquisites** : NIL

**“RESOLVED FURTHER THAT** in the event of no profit or inadequacy of profit, the remuneration payable to Mr. SKM Shree Shivkumar (DIN: 00002384) shall not exceed the limit specified in Section II of Part II Schedule V of the Companies Act, 2013, as modified from time to time or such other limits as may be notified by the Government from time to time as minimum remuneration”.

**“RESOLVED FURTHER THAT** the Board of Directors or any committee thereof, be and are hereby authorised to alter or vary the designation, component and elements of remuneration payable to Mr. SKM Shree Shivkumar (DIN: 00002384) within the overall limits under the Act and to do all such acts, deeds, things and execute all such documents, instruments and forms as may be required and to give effect to this resolution.”

**“RESOLVED FURTHER THAT** any one of the Directors or Key Managerial Personnel of the Company be and are hereby authorised to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution”.

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### **6. Approval to continue the appointment of Mr SM Venkatachalapathy(DIN : 00043288) who has attained/crossed age of 75 years:**

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

**“RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee and subject to the provisions of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 and any other amendment thereof for the time being in force subject to such other consents, approvals and permissions if any needed, approval of the members by passing a Special Resolution at this meeting, on account of attainment of 75 years of age, be and is hereby accorded”.

### **7. Approval to continue the appointment of Dr LM Ramakrishnan (DIN : 00001978) who has attained/crossed age of 75 years:**

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

**“RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee and subject to the provisions of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 and any other amendment thereof for the time being in force subject to such other consents, approvals and permissions if any needed, approval of the members by passing a Special Resolution at this meeting, on account of attainment of 75 years of age, be and is hereby accorded as non-executive independent director for the remaining period of his tenure”.

### **8. Approval to continue the appointment of Mr M Chinnian (DIN : 01497482) who has attained/crossed age of 75 years:**

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

**“RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee and subject to the provisions of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 and any other amendment thereof for the time being in force subject to such other consents, approvals and permissions if any needed, approval of the members by passing a Special Resolution at this meeting, on account of attainment of 75 years of age, be and is hereby accorded as non-executive independent director for the remaining period of his tenure”.

### **9. Approval to continue the appointment of Mr P Kumarasamy (DIN : 00046090) who has attained/crossed age of 75 years:**

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

**“RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee and subject to the provisions of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 and any other amendment thereof for the time being in force subject to such other consents, approvals and permissions if any needed, approval of the members by passing a Special Resolution at this meeting, on account of attainment of 75 years of age, be and is hereby accorded as non-executive independent director for the remaining period of his tenure”.

### **10. 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,

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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 2017-18 and subsequent Financial Years exceeding ten percent of the annual consolidated turnover of the Company, as per the last audited financial statements of the Company relevant for the respective Financial Years on such terms and conditions as may be mutually agreed between the Company and Related Parties in the ordinary course of business other than transaction which are not on arm's length basis or otherwise”.

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

Date : 30.07.2018  
Place : Erode

By order of the Board  
sd/-  
SKM Shree Shivkumar  
Managing Director  
(DIN : 00002384)



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### **NOTES :**

1. 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.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and, on a poll, to vote instead of himself and the Proxy need not be a Member of the company.
3. Proxies, in order to be effective, must be received in the enclosed Proxy Form at the Registered Office of the company not less than forty-eight hours before the time fixed for the Meeting.
4. A person can act as a proxy on behalf of Members not exceeding 50 and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A Member holding more than ten percent of total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder
5. Corporate Member intending to send its authorised representatives to attend the Meeting in terms of Section 113 of the Companies Act, 2013 is requested to send to the company a certified copy of the Board Resolution authorizing such representative to attend and vote on its behalf at the Meeting.
6. Members/Proxies/Authorised Representatives are requested to bring the attendance slips duly filled in for attending the Meeting. Members who hold shares in dematerialised form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
7. During the period beginning 24 hours before the time fixed for the commencement of Meeting and ending with the conclusion of the Meeting, a Member would be entitled to inspect the proxies lodged at any time during the business hours of the company. All documents referred to in the Notice and accompanying explanatory statement are open for inspection at the Registered Office of the company on all working days of the company between 11:00 a.m. and 1:00 p.m. up to the date of the Annual General Meeting and at the venue of the Meeting for the duration of the Meeting.
8. Route-map to the venue of the Meeting is provided at the end of the Notice of the Annual Report.
9. The Register of Members and the Share Transfer Books of the company will remain closed from 20.09.2018 to 26.09.2018 (both days inclusive).
10. The dividend on shares as recommended by the Board, if approved at the Annual General Meeting, will be paid within thirty days from the date of declaration to those Members or their mandates whose names appear:
  - (a) as Members in the Register of Members of the company on 19<sup>th</sup> September 2018 and
  - (b) as beneficial owners on that date as per the lists to be furnished 19<sup>th</sup> September 2018 (Depository Participant) in respect of shares held in electronic form.
11. Unclaimed / Unpaid Dividend:

Pursuant to Section 124 of the Companies Act, 2013, dividend for the financial year ended 31st March, 2007-08 which remains unpaid or unclaimed for a period of seven years, transferred to Investor Education and Protection Fund (IEPF).

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12. The company has yet to transfer all shares (in respect of which dividend has not been paid or claimed for seven consecutive years or more) for the financial year ended 31st March, 2007-08 and earlier periods to the Investor Education and Protection Fund. Members who have so far not claimed or collected their dividends for the said period may claim their dividend and shares from the Investor Education and Protection Fund, by submitting an application in the prescribed form.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the company.
14. Electronic copy of the Annual Report is being sent to all the Members whose email IDs are registered with the company/Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copy of the Annual Report is being sent in the permitted mode. In case you wish to get a physical copy of the Annual Report, you may send your request to [shares@skmegg.com](mailto:shares@skmegg.com) mentioning your folio/DP ID and Client ID. Annual Report is also available in the Investor section on the website of the company at [www.skmegg.com](http://www.skmegg.com).
15. Members holding shares in physical mode are requested to register their email IDs with the Registrar & Share Transfer Agents of the company and Members holding shares in demat mode are requested to register their email ID's with their respective DP in case the same is still not registered. Members are also requested to notify any change in their email ID or bank mandates or address to the company and always quote their Folio Number or DP ID and Client ID Numbers in all correspondence with the company. In respect of holding in electronic form, Members are requested to notify any change of email ID or bank mandates or address to their Depository Participants.
16. Members holding shares in electronic form may please note that their bank details as furnished to the respective Depositories will be printed on their dividend warrants as per the applicable regulations. The company will not entertain any direct request from such Members for deletion or change of such bank details. Instructions, if any, already given by Members in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form.
17. Any query relating to financial statements must be sent to the company's Registered Office at least seven days before the date of the Meeting
18. With a view to serving the Members better and for administrative convenience, an attempt would be made to consolidate multiple folios. Members who hold shares in identical names and in the same order of name in more than one folio are requested to write to the company to consolidate their holdings in one folio.
19. Members who still hold share certificates in physical form are advised to dematerialise their shareholding to avail the benefits of dematerialisation, which include easy liquidity, since trading is permitted in dematerialised form only, electronic transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.
20. Members can avail of the nomination facility by filing Form SH-13, as prescribed under Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, with the company. Blank forms will be supplied on request.

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### **21. Voting through electronic means**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the company is pleased to provide members the facility of exercising their right to vote electronically on the items mentioned in this Notice. The company has appointed Mr. V Ramkumar, Practising Company as scrutinizer for conducting the e-voting process in a fair and transparent manner.

The voting period begins on 23.09.2018 at 10:01 a.m. and will end on 25.09.2018 at 5:00 p.m.. During this period shareholders' of the company, holding shares either in physical form or in dematerialised form, as on the cut-off date of 19.09.2018, may cast their vote electronically. The e-voting module shall be disabled for voting thereafter.

The company has signed an agreement with NSDL (agency) for facilitating e-voting to enable the shareholders to cast their vote electronically. The instructions for shareholders voting electronically are given at page no.13 of the Annual Report.

The results shall be declared on or after the Annual General Meeting of the company and shall be deemed to be passed on the date of Annual General Meeting. The results alongwith the Scrutinizer's Report shall be placed on the website of the company [www.skmeegg.com](http://www.skmeegg.com) within 2 days of passing of the resolutions at the Annual General Meeting of the company and shall be communicated to National Stock Exchange and Bombay Stock Exchange.

### **STATEMENT OF MATERIAL FACTS CONCERNING ITEMS OF SPECIAL BUSINESS**

**(Annexed to notice pursuant to Section 102 of the Companies Act, 2013)**

#### **Item No. 5**

##### **Approval for revision in terms and conditions of appointment of Managing Director:**

The Board of Directors at its meeting held on May 25, 2016 appointed Mr. SKM Shree Shivkumar (DIN 00002384) as Managing Director of the Company with effect from 25.06.2016 to 24.06.2021 for the period of five years with the approval of shareholder of 21st AGM, held on 02<sup>nd</sup> September 2016. Now the Board of Directors at its meeting held on 30.07.2018, has recommended a modification in the said appointment and the term of office would end on 24<sup>th</sup> June 2019, thereby reducing the period of appointment to 3 years.

In the light of expansion in the business activities and to enable to focus on strategic long term decisions, the Board of Directors based on the recommendation from Nomination Remuneration committee, at its meeting held on 30.07.2018 approved the appointment and remuneration of the Managing Director Mr. SKM Shree Shivkumar for a period from 01.04.2018 to 24.06.2019 be paid with a remuneration of Rs.1.8 crores as set out in the said resolution, subject to the approval of shareholders.

The total remuneration has set out in the resolution will not exceed the maximum permissible limit of the Net Profits of the Company as set out under section 197 of the CA, 2013. In the event of loss or inadequacy of profit in any financial year Mr. SKM Shree Shivkumar will be paid the same remuneration as set out in the resolution subject to the maximum applicable limit under part II section II para A of schedule V of CA, 2013, read with provisions thereunder, based on the effective capital of the company.

Except Mr. SKM Shree Shivkumar, Mr. SKM Maeilanthan, Mrs. Kumutaavalli and Mr. S.M. Venkatachalapathy None of the Directors or Key Managerial Personnel of the Company and / or their relatives is concerned or interested in the said resolution.

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This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013 and Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The Board recommends the resolution set out at Item No.5 of the Notice for your approval.

### **Item No.6**

#### **Approval to continue the appointment of Mr. S.M. Venkatachalapathy who has attained/crossed the age of 75 years:**

As per the memorandum of association and Article of association of the company Mr.SM Venkatachalapathy who was appointed as a non-executive director(non-independent director ) and is liable to retire by rotation as per Article 96 of the Articles of Association of the company.

Mr SM Venkatachalapathy, has attained /crossed the age of 75 years is a Law graduate and lawyer by profession. He is having more than 30years of legal experience and his vast legal and professional knowledge would go a long way for benefitting the company

In view of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and its amendment thereof and also as an abundant precaution, the Company seeks consent of the members by way of special resolution for continuation of their holding of existing office after the age of 75 years during the currency of their term of appointment under the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

Except Mr. S.M. Venkatachalapathy, Mr. SKM Shree Shivkumar and Mrs. Kumutaavalli are deemed to be concerned or interested in the resolution. None of the Directors or Key Managerial Personnel of the Company and / or their relatives is concerned or interested in the said resolution.

The Board recommends the resolution set out at Item No.6 of the Notice for your approval.

### **Item No.7**

#### **Approval to continue the appointment of Dr LM Ramakrishnan who has attained/crossed the age of 75 years:**

The Shareholders of the Company at the 19th Annual General Meeting held on 10<sup>th</sup> September 2014 approved the appointment of Dr LM Ramakrishnan as a Non-Executive-Independent Director of the Company for a period of five years effective from the conclusion of 19<sup>th</sup> Annual General Meeting i.e 10<sup>th</sup> September, 2014 to 09<sup>th</sup> September, 2019.

Dr LM Ramakrishnan has attained /crossed the age of 75 years is a Doctor by profession. He is having more than 30years of professional experience and he is Director in various private and public limited companies including listed companies. His vast experience as Directors in companies would be an asset and help the company in reaching its goal and target.

In view of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and its amendment thereof and also as an abundant precaution, the Company seeks consent of the members by way of special resolution for continuation of their holding of existing office after the age of 75 years during the currency of their term of appointment under the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

Except the said appointee none of the Directors or Key Managerial Personnel of the Company and / or their relatives is concerned or interested in the said resolution.

The Board recommends the resolution set out at Item No.7 of the Notice for your approval.

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### **Item No.8**

#### **Approval to continue the appointment of Mr. M. Chinnian who has attained/crossed the age of 75 years:**

The Shareholders of the Company at the 19th Annual General Meeting held on 10<sup>th</sup> September 2014 approved the appointment of Mr. M. Chinnian as a Non-Executive-Independent Director of the Company for a period of five years effective from the conclusion of 19<sup>th</sup> Annual General Meeting i.e 10<sup>th</sup> September, 2014 to 9<sup>th</sup> September, 2019.

Mr. M. Chinnian, has attained /crossed the age of 75 years is Chartered Accountant and has got very rich exposure in audit and accounts more particularly in corporate audit and accounts. His in-depth knowledge would be of great help to the company for its audit and accounts functions and more so as a chairman of the audit committee

In view of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and its amendment thereof and also as an abundant precaution, the Company seeks consent of the members by way of special resolution for continuation of their holding of existing office after the age of 75 years during the currency of their term of appointment under the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

Except the said appointee none of the Directors or Key Managerial Personnel of the Company and / or their relatives is concerned or interested in the said resolution.

The Board recommends the resolution set out at Item No.8 of the Notice for your approval.

### **Item No.9**

#### **Approval to continue the appointment of Mr. P. Kumarasamy who has attained/crossed the age of 75 years:**

The Shareholders of the Company at the 20<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> September 2015 approved the appointment of Mr. P. Kumarasamy(DIN:00046090) as a Non-Executive-Independent Director of the Company for a period of five years with effective from 27<sup>th</sup> January, 2015 to January 26, 2020.”

Mr. P. Kumarasamy, has attained /crossed the age of 75 years The Board is of the view that the Company would greatly benefit from the rich and varied experience of Mr. P. Kumarasamy.

In view of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and its amendment thereof and also as an abundant precaution, the Company seeks consent of the members by way of special resolution for continuation of their holding of existing office after the age of 75 years during the currency of their term of appointment under the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

Except the said appointee none of the Directors or Key Managerial Personnel of the Company and / or their relatives is concerned or interested in the said resolution.

The Board recommends the resolution set out at Item No.9 of the Notice for your approval.

### **Item No.10**

#### **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

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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, Shri. S.M. Venkatachalapathy 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 2017-18 is given in item No.31 of the notes to the Standalone financial statement. The estimated value of material transactions for the Financial Year 2018-19 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)

Date : 30.07.2018

Place : Erode

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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### **FOR THE ATTENTION OF SHAREHOLDERS**

#### **Proxy Form and Attendance Slip**

A blank proxy form with an attendance slip is sent along with the Notice, Shareholders are requested to detach the attendance slip and produce it for verification at the venue of the meeting.

#### **Queries at the AGM**

Shareholders wishing to make queries at the AGM on the published accounts, Directors' Report or any aspect of the working of the Bank may write to:

#### **THE COMPANY SECRETARY**

#### **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**

185-Chennimalai Road,  
Opposite to Railway Station,  
Erode - 638 001.

So as to reach him latest by 10.09.2018 specifying the point's requiring clarification.

#### **CORRESPONDENCE**

All correspondence relating to shares and dividend should be addressed to the Company's Registrars and Share Transfer Agent, Viz:

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

#### **CHANGE OF ADDRESS AND INFORMATION ON COMPANY MANDATE**

Where shares are held in the Physical mode, change in the shareholder's address (along with proof of address) may be notified to the Registrars and Share Transfer Agents, at the address noted above, by a separate communication showing share folio number. Holders of share in the demat mode may send such requests to their depositories concerned including changes, if any, in the mandate for issue of dividend.

#### **Voting through electronic means**

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

- IV. The remote e-voting period commences on 23rd Sep, 2018 (9:00 am) and ends on 25th Sep, 2018 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 19th Sep, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

### Instructions: (Process and manner for remote e-voting as under)

#### Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

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 :

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

5. 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.



## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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- c) How to retrieve your 'initial password'?
- (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
- (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address
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.nsd.com](http://www.evoting.nsd.com).
- b) **Physical User Reset Password?**" (If you are holding shares in physical mode) option available on [www.evoting.nsd.com](http://www.evoting.nsd.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
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button
9. After you click on the "Login" button, Home page of e-Voting will open.

### **Step 2 –Cast your vote electronically 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**

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).

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

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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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

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 at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

- V. As a measure of austerity, copies of the Annual Report will not be distributed at the AGM. Members are, therefore, requested to bring their copies of the Annual Report to the AGM
- VI. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- VII. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 19th Sep, 2018.
- VIII. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 19th Sep, 2018, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [info@skdc-consultants.com](mailto:info@skdc-consultants.com). However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- IX. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- X. Mr. V Ramkumar (FCS No. 8304) Practicing Company Secretary has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XI. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “remote e-voting” or “Ballot Paper” or “Poling Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XII. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XIII. The Results declared along-with the report of the Scrutinizer shall be placed on the website of the Company [www.skmeegg.com](http://www.skmeegg.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the stock exchanges.

For and on behalf of the Board of Directors

Sd/-

SKM Shree Shivkumar  
Managing Director  
(DIN:00002384)

Date : 30.07.2018  
Place : Erode

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18****Additional information on Directors recommended for appointment / re-appointment as required under Regulation 36 (3) of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2013 and Secretarial Standard issued by 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 SM.Venkatachalapathy-Father
Qualification	B.A.(CS), M.Sc., (Psychotherapy and Counselling) Diplomo in Export and Import Management Diplomo in Advanced Information Management
Experience	Morethan 10 years
No of shares held	10,005
Terms of Appointment or reappointment	Liable to retire by rotation
Remuneration sought to be paid	Sitting Fees only
Remuneration last drawn	Rupees 4,000 for four meetings
No of board meetings attended	4
List of directorship in other companies	SKM Siddha and Ayurvedha Company India Private Limited SKM Universal Marketing Company India Private Limited SKM Shree Developers India Private Limited SKM Shree Herbals India Private Limited SKM Shrees Properties India Private Limited
Chairman/Member of the Committees of the Board of other Companies in which share is director	NIL

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### BOARD OF DIRECTORS' REPORT

To,

Members,

#### SKM Egg Products Export (India) Limited

Your directors are pleased to present their report on your Company's business operations along with the audited financial statements for the financial year ended on 31 March 2018.

#### Financial Highlights : (Standalone)

(Rs. in Lacs)

DESCRIPTION	year ended 31.3.2018	year ended 31.3.2017
Total Income	29,921.54	21,791.87
Earnings Before Interest, Taxes, Depreciation and Amortization	1,956.32	1,736.42
Less : Financial Cost	235.46	489.26
Less : Depreciation & Amortization	1,295.32	1,203.55
Profit Before Tax	425.53	43.62
Less: Tax Expenses		
-Current	174.40	49.31
-Deferred Tax	155.05	(184.65)
Profit/(Loss) for the period	96.08	178.96
Other Comprehensive Income (net of tax)	(19.08)	71.60
Profit After Tax and available for appropriation	77.00	250.56
Appropriations		
Proposed dividend	-	-
Dividend Distribution Tax	-	-
Surplus carried to Balance Sheet	77.00	250.56
DESCRIPTION	year ended 31.3.2018	year ended 31.3.2017
<b>The Consolidated Total Income</b>	<b>33,478.51</b>	<b>25,552.34</b>

**2. OPERATIONS:** The company's total Revenue is Rs.299.22 Crores during the current year as against Rs.217.92 Crores during the previous year. The Export during the year has been Rs.194.17 Crores as compared to Rs.165.82 Crores during the previous year 2016-17.

#### 3. DIVIDEND:

The Board has recommended dividend at the rate of Rs.0.50 (5%) per equity share of the company for the year ended 31<sup>st</sup> March 2018.

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### 4.AMOUNTS TRANSFERRED TO RESERVES:

The Board of the company has decided/proposed to carry Rs. Nil to its reserves.

Reserve	Amount (Rs)
Transfer to Statutory Reserve	NIL
Transfer to Capital Reserve	NIL
Transfer to General Reserve	NIL
Transfer to Investment Reserve	NIL
Transfer to Special Reserve	NIL

### 5. SHARE CAPITAL:

The paid up Equity Share Capital as on March 31, 2018 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:

Your company reaffirms its commitment to good corporate governance practices. The company complies with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Pursuant to Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Report on Corporate Governance which forms a part of this Report, has been annexed herewith as **Appendix - A**

### 7. DEMATERIALISATION OF SHARES:

**89.35** % of the company's paid up Equity Share Capital is in dematerialized form as on 31st March, 2018 and balance **10.65**% is in physical form. The Company's Registrar is M/s S.K.D.C. Consultants Ltd., having their registered office at Kanapathy Towers, 3<sup>rd</sup> Floor, 1391/A1, Sathy Road, Ganapathy, Coimbatore-641 006.

### 8. NUMBER OF BOARD MEETINGS:

The Board of Directors duly met 4 times during the financial year from 1st April, 2017 to 31st March, 2018. The dates on which the meetings were held are as follows: 30.05.2017, 09.08.2017, 13.11.2017 and 06.02.2018. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

### 9. INVESTOR EDUCATION AND PROTECTION FUND:

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after the completion of seven years. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account created by the IEPF Authority. Accordingly, the Company has transferred the unclaimed and unpaid dividends. Further, the corresponding shares will be transferred as per the requirements of the IEPF rules, details of which are provided on our website, at [www.skmegg.com](http://www.skmegg.com).

### 10. 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.

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

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. [www.skmegg.com](http://www.skmegg.com)

### 11. 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.

### 12. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The brief outline of the Corporate Social Responsibility (CSR) Policy as recommended by the CSR Committee and approved by the Board of Directors of the Company and the initiatives undertaken by the Company on CSR Activities during the year are set out in the **Appendix-B** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Policy is available on the website of the Company [www.skmegg.com](http://www.skmegg.com).

CSR Committee meeting held on 24th March, 2018 and attended by all three members. The Minutes of the CSR Committee are noted by the Board. The details of the composition of the Committee, meetings held, attendance at the meetings along with sitting fees paid, are given in Table.

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

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

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

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

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour the company has adopted a vigil mechanism policy. This policy is explained in corporate governance report and also posted on the website of company. The policy is available on the Company's Website [www.skm.egg.com](http://www.skm.egg.com).

### 14. 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 **Appendix - 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).

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

The particulars, as prescribed under sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are given in the **Appendix-D** to this report..

### 16. EXTRACT OF ANNUAL RETURN:

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in Form MGT-9 is annexed herewith as **Appendix-E**

### 17. DETAILS OF DIRECTORS&COMMITTEES:

#### 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 2018, the total Board strength comprises of the following:

Executive Director	2
Non-Independent Directors & Non-Executive Directors (including woman Director)	2
Independent Directors	5
Nominee Director-TIDCO	1
Total Strength	10

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**B. Particulars of Directorships of other Companies:**

**OTHER DIRECTORSHIPS**

<b>Name of the Director and Designation</b>	<b>Name of the Company</b>	<b>Position</b>
Shri.SKM Maeilanandhan (Executive Chairman)	SKM Animal Feeds and Foods (India) Private Ltd	Whole Time Director
	SKM Siddha and Ayurvedha Company (India) Private Limited	Director
	SKM Universal Marketing Company India Private Limited	Director
	Agro Corpex India Limited	Director
Shri.SKM Shree Shivkumar (Managing Director)	SKM Siddha and Ayurvedha Company (India) Private Limited	Director
	SKM Universal Marketing Company India Private Limited	Managing Director
	SKM Shrees Farms India Private Limited	Director
	SKM Shree Developers India Private Limited	Director
	SKM Shree Herbals India Private Limited	Director
	SKM Shree Energy 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
	SKM Shrees Properties India Private Limited	Director
Shri.S.M.Venkatachalapathy (Non-Executive Director)	SKM Siddha and Ayurvedha Company (India) Private Limited	Director
	SKM Shrees Farms India Private Limited	Director
	SKM Shree Energy India Private Limited	Director



**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

<b>Name of the Director and Designation</b>	<b>Name of the Company</b>	<b>Position</b>
Shri.P. Kumarasamy (Independent Director)	SKM Universal Marketing Company India Private Limited	Director
Dr.L.M.Ramakrishnan (Independent Director)	Ponni Sugars (Erode) Ltd	Director
	Knitvel Needles (PVT) Ltd	Director
	Erode Medical Suppliers(P) Ltd	Managing Director
	Hawker & West off Shoring Consulting Services (P) Ltd	Director
Shri.C.Devarajan (Independent Director)	OREOPS Framework Private Limited	Director
	URC Infotec (P) Ltd	Managing Director
	URC Creative Developers (P) Ltd	Director
	Erode Textile Mall Private Ltd	Director
	Five P Venture India (P) Ltd	Director
	URC Power Product (P) Ltd	Director
	Texvally Weekly Market Ltd	Director
	Texvally Market Limited	Director
	Institute for Lean Construction Excellence	Director
	URC Construction (P) Ltd	Director
Shri.M.Chinnian (Independent Director)	SKM Universal Marketing Company India Private Limited	Director
Shri.B.Ramakrishnan (Nominee Director - TIDCO)	Saptarishi Agro Industries Limited	Director
	Sattva Agro Expo Private Ltd	Director
	Devaraj Agro Industries Private Limited	Director
	Nilgiris Flower Company Limited	Nominee Director
	Intgen Agro Products Limited	Nominee Director
	Tamilnadu Telecommunication Limited	Nominee Director
Shri.D.Venkateswaran (Independent Director)	Balkart Brothers (India) Private Limited	Director
	Ulavan Producer Company Limited	Director
	Mega Agri Business Consortium Producer Company Limited	Director

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### 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.	S.M.Venkatachalapathy	-	-	Member	-
3.	Dr.L.M.Ramakrishnan	Member	Member	Chairman	Chairman
4.	Shri.C.Devarajan	-	-	-	Member
5.	Shri.M.Chinnian	Chairman	Member	Member	-
6.	Shri.B.Ramakrishnan	Member	-	-	-
7.	Shri.P.Kumarasamy	-	Chairman	-	-
8.	Shri.D.Venkateswaran	-	-	-	-

#### 17.1 BOARD EVALUATION

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, annual Performance Evaluation of the Directors as well as of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee has been carried out. 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).

#### 17.2 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. The policy is available on the website of the company at [www.skmeegg.com](http://www.skmeegg.com).

##### 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. The policy is available on the website of the company at [www.skmeegg.com](http://www.skmeegg.com).

#### 17.3 MEETINGS

During the year four board meetings and one independent directors' meeting were held. The Details of which are given in Corporate Governance Report.

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### 17.4 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 is 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.

#### ii) Composition :

The Audit Committee of the Company consists of three Independent Directors. The Chairman of the Audit Committee is financially literate and majority of them having accounting or related financial management experience. Representative of Statutory Auditor is permanent invitee. Company Secretary acts as Secretary to the Committee.

#### iii) No. of Meetings held during the year:

During the year the Committee had 4 Meetings i.e. 30.05.2017, 09.08.2017, 13.11.2017 and 06.02.2018.

#### iv) Composition, name of Members and attendance during the year:

NAME	POSITION	NO.OF MEETINGS	
		HELD	ATTENDED
Shri.M.Chinnian	Chairman	4	4
Shri.L.M.Ramakrishnan	Member	4	3
Shri.B.Ramakrishnan	Member	4	1

### 17.5 NOMINATION AND REMUNERATION COMMITTEE:

#### i) Terms of reference:

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.

#### ii) Composition:

The Nomination and Remuneration Committee of the Company consists of one Non-Executive and two Independent Directors including Chairman.

#### iii) No. of Meetings held during the year:

During the year no Committee meeting held.

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### 17.6 STAKEHOLDERS RELATIONSHIP COMMITTEE:

#### i) Terms of reference:

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.

#### ii) Composition of the Committee:

The Committee consists of three Independent Directors.

#### iii) No. of meetings held and attended during the year:

During the year the 4 Stakeholders Relationship Committee Meetings were held i.e. on 30.05.2017, 09.08.2017, 13.11.2017 and 06.02.2018.

The attendance of the Members at the meeting was as under:

NAME	POSITION	NO.OF MEETINGS	
		HELD	ATTENDED
Shri.P. Kumarasamy	Chairman	4	4
Shri.L.M. Ramakrishnan	Member	4	4
Shri.M. Chinnian	Member	4	4

#### iv) Name and Designation of Compliance Officer :

Mr. Sekar. P Company Secretary and Compliance Officer. Shareholder's Services:

S.No.	Nature of Complaints		2017-2018
	Received	Answered	
1st Quarter	0	0	0
2nd Quarter	0	0	0
3rd Quarter	0	0	0
4th Quarter	0	0	0

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### 17.7 GENERAL BODY MEETINGS:

Location and time for the last three AGMs:

Year	Date	Venue	Time	Special Resolution
2014-15	23.09.2015	N.S.A Mahal, Club Melaange, 314, 315, Perundurai Road, Erode - 638 011	4.00 P.M	Special Resolutions were passed in this meeting
2015-16	02.09.2016	Registered Office at 185, Chennimalai Road, Erode - 638 001	4.00 P.M	Special Resolutions were passed in this meeting
2016-17	27.09.2017	Registered Office at 185, Chennimalai Road, Erode - 638 001	4.00 P.M	Special Resolutions were passed in this meeting

### 18. INDEPENDENT DIRECTORS MEETING:

During the year under review, the Independent Directors of the Company met on 24.03.2018, 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.

### 19. DECLARATION BY INDEPENDENT DIRECTOR:

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16 (1) (b) of the SEBI (LODR) Regulations, 2015.

### 20. FAMILIARIZATION PROGRAMME OF INDEPENDENT DIRECTORS:

In Compliance with the requirements of SEBI Listing Regulations, the Company has put in place a familiarization programme for Independent Directors to familiarize them with their role, rights and responsibility as Directors, business overviews etc.

The details familiarization programmes are available on the website of the Company [www.skmegg.com](http://www.skmegg.com).

### 21. DETAILS IN RESPECT OF FRAUDS REPORTED BY 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.

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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

There were no material changes or commitments affecting the financial position of the company during the year.

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

The company has foreign subsidiary. The statement pursuant to section 129 (3) Companies Act, 2013 containing the salient features of the financial statement of subsidiary company forms part of this Annual Report as AOC-1 in **Appendix-F**.

The board has approved a policy for determining material subsidiary which has been uploaded on the company's website viz. [www.skmegg.com](http://www.skmegg.com)

### **24. PUBLIC DEPOSITS**

The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Companies Act, 2013 for the year ended 31st March, 2018.

### **25. INTERNAL COMPLIANTS COMMITTEE:**

Your company has upheld the letter and spirit contained in "The Sexual Harassment of Women at Workplace (Prevention, prohibition and Redressal) Act, 2013". (the act). Board of Directors had resolved to constitute Internal Complaints Committees to function as per the provisions laid down in the Act and also to support the women employees by way of counseling. We further state that during the financial year under review there were no complaints received / cases filed under "The Sexual Harassment of Women at Workplace (Prevention, prohibition and Redressal) Act, 2013"(the act).

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

Mrs. S Kumutaavalli (DIN: 00002390), Director of the company retires by rotation at the ensuing Annual General Meeting of the Company under section 152(6) of the Companies Act, 2013 and being eligible, offers herself for re-appointment. 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.

Key Managerial personnel of the company as required pursuant to section 2(51) and 203 of the Companies Act, 2013 are Shri. SKM. Maeilanandhan, Executive Chairman, Shri. SKM Shree Shivkumar, Managing Director, Shri. K.S. Venkatachalapathy, Chief Financial Officer and Shri. P. Sekar, Company Secretary.

### **27. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

The Management Discussion and Analysis Report for the year under review as stipulated under the Listing Regulations with the stock exchanges in India is presented in a separate section forming part of this Annual Report in **Appendix-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:

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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- a) that in the preparation of the annual financial statements for the year ended March 31, 2018, 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, 2018 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, 2018.

### **31. AUDITORS:**

#### **31.1 STATUTORY AUDITORS**

The Audit Committee and the Board of Directors of the Company have recommended the re-appointment of Mr. Prasanna Venkatesan N, Chartered Accountant, Erode (MN 235530) as the statutory auditor of the Company, subject to the approval of the shareholders. Mr Prasanna Venkatesan N has consented to the said appointment and confirmed that his appointment, if made would be within the limit mentioned under the provision of the Companies Act, 2013 and the Companies (Audit and Auditor) Rules, 2014 .

He will hold office as statutory auditor for the period of one year from the conclusion of the 23<sup>rd</sup> Annual General Meeting till the conclusion of 24<sup>th</sup> Annual General Meeting.

#### **31.2 SECRETARIAL AUDITOR**

The Board of Directors in its meeting dated 9<sup>th</sup> August, 2017, 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 year ended 31<sup>st</sup> March 2018, in compliance with the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, The Secretarial Audit Report for the financial year 31<sup>st</sup> March, 2018 is enclosed as **Appendix-H**.

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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### **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**

As per the provisions of companies (cost Records and Audit) Rules 2014, cost Audit is not applicable to the company for the financial year ended 31st March 2018 for the company.

### **32. COMMENTS ON AUDITORS' REPORT:**

There were observations made by the Statutory Auditor and the Secretarial auditor and they are being addressed and attended to by the Board

### **33. CONSOLIDATED FINANCIAL STATEMENTS:**

Pursuant 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**, 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 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.

### **35. PARTICULARS OF EMPLOYEES**

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is annexed herewith as appended as "**Appendix-I**"

### **36. 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.

The annual listing fees have been paid to all the Stock Exchanges as mentioned above.

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



**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

<b>NSE</b>			
<b>MONTH</b>	<b>HIGH (Rs)</b>	<b>LOW (Rs)</b>	<b>QUANTITY (Nos)</b>
Apr-17	82.00	75.25	3,48,606
May-17	79.00	65.75	4,28,478
Jun-17	68.65	<b>61.00</b>	3,47,251
Jul-17	77.25	66.90	9,47,688
Aug-17	73.70	64.40	4,16,916
Sep-17	80.00	69.10	5,32,445
Oct-17	97.40	70.80	16,73,737
Nov-17	<b>115.90</b>	76.80	62,88,586
Dec-17	104.90	86.10	33,11,934
Jan-18	103.50	80.00	22,91,814
Feb-18	100.00	72.50	17,95,363
Mar-18	104.50	80.25	49,75,822

<b>BSE</b>			
<b>MONTH</b>	<b>HIGH (Rs)</b>	<b>LOW (Rs)</b>	<b>QUANTITY (Nos)</b>
Apr-17	82.55	77.00	89,634
May-17	81.00	66.80	90,582
Jun-17	69.60	<b>60.50</b>	1,32,163
Jul-17	78.15	67.00	2,28,697
Aug-17	77.00	65.00	56,704
Sep-17	79.90	69.60	73,247
Oct-17	98.00	72.00	3,33,904
Nov-17	<b>116.30</b>	76.00	8,23,628
Dec-17	105.70	75.00	4,69,299
Jan-18	103.90	78.00	3,69,540
Feb-18	99.75	74.00	2,07,110
Mar-18	104.00	80.80	6,59,537

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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### **37. 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.

### **38. INSIDER TRADING CODE:**

The Company has formulated a code for prevention of Insider Trading pursuant to Securities and Exchange Board of India (Insider Trading) (Amendment) Regulation 2002 to prevent the practices of Insider Trading. Mr. P. Sekar, Company Secretary has been designated as Compliance Officer for this purpose. Senior Management of the Company has affirmed compliance with the Code of Conduct applicable as on 31.03.2018. The Company has duly complied with all the mandatory listing agreement. Code of Conduct for Insider Trading Regulation available on the Company's Website [www.skmeegg.com](http://www.skmeegg.com).

### **39. INDUSTRIAL RELATIONS:**

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

### **40. CEO/CFO CERTIFICATION:**

As per Regulation 17 of the Listing Regulations, Shri SKM Shree Shivkumar, Chief Executive Officer of the company and Shri K.S. Venkatachalapathy, Chief Financial Officer of the company have certified regarding the Financial Statements for the year ended March 31, 2018 which is annexed to this Report in **Appendix-J**.

### **41. 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 in Makkal Kural. The results were also displayed on the Company's website – [www.skmeegg.com](http://www.skmeegg.com).

### **42. GENERAL INFORMATION FOR SHAREHOLDERS**

#### **ANNUAL GENERAL MEETING**

Date	: 26.09.2018
Time	: 4.00 PM
Venue	: Registered Office situated at 185, Chennimalai Road, Erode-638 001
Financial Year	: 1st April 2017 to 31st March 2018
Period of Book Closure	: 20.09.2018 to 26.09.2018

#### **FINANCIAL CALENDER:**

Approval of quarterly results for the period ending:

1. 30 <sup>th</sup> June 2017	: 9 <sup>th</sup> August 2017
2. 30 <sup>th</sup> September 2017	: 13 <sup>th</sup> November 2017
3. 31 <sup>st</sup> December 2017	: 6 <sup>th</sup> February 2018
4. 31 <sup>st</sup> March 2018	: 28 <sup>th</sup> May 2018

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### **43. REGISTRAR AND SHARE TRANSFER AGENT:**

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

### **44. COMPLIANCE OFFICER:**

Mr. Sekar. P  
Company Secretary  
Address: 185, Chennimalai Road, Erode  
Email:shares@skmegg.com  
Mob No:9585558325

### **45. ACKNOWLEDGEMENTS:**

The Directors express their sincere appreciation to the valued shareholders, suppliers, bankers, business partners/associates, financial institutions for their support and encouragement to the Company. We look forward to receiving the continued patronage from all quarters to become a better and stronger company.

### **46. 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.

For and on behalf of the Board of Directors

Date : 30.07.2018

Place : Erode

Sd/-  
Chairman of the Board  
(DIN:00002380)

**CORPORATE GOVERNANCE**

**SKM EGG PRODUCTS' PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company believes that Corporate Governance is a set of processes, customs, policies, rules, regulation and laws for ensuring 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's philosophy on Corporate Governance is bounded upon a rich legacy of fair ethical governance practices which has been in practice since the beginning. In fact the company has long been a staunch supporter of this code even before it became mandatory. Integrity, transparency, accountability and compliance with laws which are columns of good governance have always been the hallmark of company. The Company is in full compliance with the requirements of Corporate Governance under the Listing regulations(SEBI(Listing Obligations and Disclosure Requirements)Regulations, 2015) entered into with the 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 COMPOSITION**

The details of composition of the Board, attendance of each Director at the Board meeting held during the year under review as well as last Annual General Meeting and the number of other Directorship / Committee Membership held by them are as follows:

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 31.03.2018
		Board Meeting	Last AGM	Director -ship	Committee Membership	
Shri. SKM Maeilanandhan	Executive Chairman	4	Yes	4	NIL	NIL
Shri.SKM Shree Shivkumar	Managing Director	4	Yes	7	NIL	1,19,91,672
Smt.S.Kumutaavalli	Director	4	Yes	5	NIL	10,005
Dr.L.M. Ramakrishnan	Independent Director	4	Yes	4	NIL	NIL
Shri.C.Devarajan	Independent Director	2	No	10	NIL	5,000
Shri.M.Chinnayan	Independent Director	4	Yes	1	NIL	4,000

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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 31.03.2018
		Board Meeting	Last AGM	Director -ship	Committee Membership	
Shri. P.Kumarasamy	Independent Director	4	Yes	1	NIL	NIL
Shri.S.M. Venkatachalapathy	Director	4	Yes	3	NIL	15,005
Shri.B. Ramakrishnan	TIDCO Nominee	1	Yes	6	NIL	19,95,800
Shri. Doraisamy Venkateswaran	Independent Director	3	Yes	3	NIL	NIL

Four Board Meetings were held during the year and the gap between two meetings did not exceed 120 days. The dates on which the Board Meetings were held are as follows: 30.05.2017, 09.08.2017, 13.11.2017 and 06.02.2018

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.

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 details of such familiarization programmes are disclosed in the website of the company.

**b) Brief note on Directors seeking appointment / re-appointment at the ensuing AGM under Listing Regulations**

Mrs. S Kumutaavalli, Director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment. Your Directors recommend her re-appointment.

**CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT**

The Board of Directors has laid down the code of conduct for all the Board members and members of the Senior Management of the Company. Additionally all independent directors of the company shall be bound by duties of independent directors as set out in the Companies Act, 2013 read with the Schedules and Rules thereunder. All the Board members and Senior Management personnel have affirmed compliance with the code of conduct. The Code of Conduct is available on the website of the company.

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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### **BOARD COMMITTEES**

The terms of reference of Board Committees are determined by the Board from time to time. Presently the Company has three committees i.e Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. All the decisions pertaining to the constitution of the Committees, appointment of members, and fixing of terms of reference for committee members are taken by the Board of Directors. 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**

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.

Composition of Audit Committee and attendance of each Director during the meetings held in financial year 2017-18 are given below:

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

Name	Status	Category	No. of Meeting during the year 2017-18	
			Attended	Held
Shri.M.Chinnayan	Chairman	Independent Director	4	4
Dr.L.M.Ramakrishnan	Member	Independent Director	4	4
Shri.B.Ramakrishnan	Member	Nominee Director	1	4

Four Audit Committee meetings were held during the year and the gap between two meetings never exceeded 120 days. The dates on which such meetings were held are as follows:

The company secretary acts as the secretary to the committee.

### NOMINATION AND REMUNERATION COMMITTEE

The terms of reference of the committee are as follows:

1. 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;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. 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.

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 details of the composition of the Remuneration Committee are as under:

Name	Status	Category
Dr.L.M.Ramakrishnan	Chairman	Independent Director
Shri. S.M. Venkatachalapathy	Member	Non-Executive Director
Shri.M.Chinnayan	Member	Independent Director

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Committee performs following functions:

- ❖ Transfer/Transmission of shares
- ❖ Issue of Duplicate Share Certificates.
- ❖ Review of Share dematerialization and Rematerialization.
- ❖ Monitoring the expeditious Redressal of Investor Grievances.
- ❖ Monitoring the performance of company's Registrar & Transfer Agent.
- ❖ All other matters related to the shares.

The details of composition of the Committee are as under:

Name	Status	Category	No. of Meeting during the year 2017-18	
			Attended	Held
Shri.P.Kumarasamy	Chairman	Independent Director	4	4
Dr.L.M.Ramakrishnan	Member	Independent Director	4	4
Shri.M. Chinnayan	Member	Independent Director	4	4

Mr. P. Sekar, the Company Secretary is the Compliance Officer during the year under review. He performed the functions of monitoring the complaints received vis-à-vis share transfer and other related processes and reported them to the Board. He also carried out his responsibility as liaison officer with the investors and regulatory authorities, such as SEBI, Stock Exchanges, Registrar of Companies, RBI in respect of implementing laws, rules and regulations, and directives of such authorities concerning investor service and complaints.

No complaints were received from the shareholders during the year.

### **INDEPENDENT DIRECTORS' MEETING**

During the year under review, the Independent Directors met on March 24, 2018, 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 are as under:



**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

Name	Status	Category	No. of Meeting during the year 2017-18	
			Attended	Held
Dr.L.M.Ramakrishnan	Director	Independent Director	1	1
Shri.M. Chinnayan	Director	Independent Director	1	1
Shri.P.Kumarasamy	Director	Independent Director	1	1
Shri.C.Devarajan	Director	Independent Director	1	1
Shri.D.Venkateswaran	Director	Independent Director	1	1

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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### **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 SKM Egg Products Export (India) Limited, for the year ended on 31st March 2018, as stipulated under Schedule V (E) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

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

Sd/-  
N Prasanna Venkatesan  
Chartered Accountant  
Membership No: 235530

**REPORT ON CSR ACTIVITIES**

**[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 focussed 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.skmegg.com](http://www.skmegg.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

3. Average net profit of the company for last three financial years Rs. 23,16,02,436 /-

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) Rs. 46,32,049 /-

5. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year; Rs. 46,32,049 /-

(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 undertaken	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	46,32,500	Direct expenditure on projects or programs Adoption of 2 Villages Rajeev Nagar and Gandhi Nagar and providing them medical relief and providing education.	130,16,368	Implementing Agency - SKM Health and Mind Welfare Charitable Trust

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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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;

**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**

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

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

<b>S No.</b>	<b>Particulars</b>	<b>Details</b>
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

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**APPENDIX - D**

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

<b>PARTICULARS</b>	<b>2017-2018</b>	<b>2016-2017</b>
<b>(I) POWER AND FUEL CONSUMPTION</b>		
<b>(1) Electricity</b>		
<b>a. Purchased units (Kwh)</b>	82,51,040	77,30,400
Total Amount (Rs.)	5,91,02,554	5,93,29,411
Rate / Unit (Rs.)	7.16	7.67
<b>b. Own Generation through Diesel Generator</b>		
Units (Kwh)	2,25,200	2,08,462
Total Amount	32,59,834	27,79,896
Units per litre of Diesel Oil	3.23	3.17
Cost/Unit (Rs.)	14.48	13.34
<b>(2) Furnace Oil</b>		
Quantity (Litres)	2,34,000	4,24,100
Total Cost (Rs.)	61,41,041	1,03,67,303
Average Rate (Rs.)	26.24	24.45
<b>(3) Coal / Firewood</b>		
Quantity (Metric Tons)	8,770	8,301
Total Cost (Rs.)	4,75,40,096	3,30,48,078
Average Rate (Rs.)	5,421	3,981
<b>(II) CONSUMPTION PER UNIT OF PRODUCTION</b>		
Product - Egg Powder (Metric Tons)	4,976	4,982
Electricity (Rs. Per Metric Tons)	12,533	12,466
Fuel (Rs. Per Metric Ton)	10,788	8,714
<b>FOREIGN EXCHANGE EARNINGS AND OUTGO : (Rs. In lacs)</b>		
Earnings :	17,905	17,395
Outgo :	532	334

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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### **CONSERVATION OF ENERGY:**

The following Power saving Technique implemented during last year.

1. Variable frequency drives are introduced to save the power and maintenance cost in the following Areas.
  - a) Effluent Treatment Process Blower
  - b) Coal Boiler ID Fan, FD Fan and Coal Feeder
  - c) Shell Centrifuge
2. Implemented LED lights instead of fluorescent lamp, HPMV and CFL
3. Air Compressor air pipe Line Ring main system implemented for power saving.

### **RESEARCH AND DEVELOPMENT:**

#### **1. Mayonnaise Mix :**

Developed a blended product using Enzyme treated egg yolk powder with hydrocolloids for the application in the Mayonnaise industries in the Russian market.

#### **2. Egg Albumin :**

Focus is more towards the health sector. Sports drink developed using the egg albumin powder with different variants to suit the taste and flavour as a protein drink.

The R & D wing has developed egg products to suit the Indian market. The products were launched in Bangalore city and parts of Tamilnadu including Chennai City.

#### **3. Egg yolk Liquid :**

To enhance the shelf life of salted egg yolk, the process parameters and the packaging material have been changed. Also developed the product in bulk packaging of 1000 lts pallecons to suit the customer's need.

For and on behalf of the Board

Date : 30.07.2018

Place : Erode

Sd/-  
SKM Maeilanandhan  
Chairman  
(DIN:00002380)

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18****APPENDIX-E****EXTRACT OF ANNUAL RETURN IN FORM MGT - 9**

As on the Financial Year ended on 31st March 2018

[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	April 6, 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	185, Chennimalai Road, Erode, Tamilnadu shares@skmegg.com Ph:0424-2351532 Fax:0424-2351531
Whether Listed Company : Yes/No	Yes  The National stock Exchange of India Limited (SKMEGGPROD) BSE Limited(532143)
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, 641006.

**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 Yolk Powder	10799	28.59%
2.	Egg Albumin Powder	10799	20.70%
3.	Whole Egg Powder	10799	17.18%



## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### 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)

### 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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
<b>Individual/HUF</b>	1,22,92,402	NIL	1,22,92,402	46.69	1,20,01,677	NIL	1,20,01,677	45.58	-1.11
<b>Central Govt</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>State Govt</b>	19,95,800	NIL	19,95,800	7.58	19,95,800	NIL	19,95,800	7.58	0
<b>Bodies Corp</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Banks/FI</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Any other</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub Total</b>	1,42,88,202	NIL	1,42,88,202	54.27	1,39,97,477	NIL	1,39,97,477	53.16	-1.11
<b>A. (1) (2) Foreign</b>									
<b>a) NRIs-Individuals</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>b) Other Individuals</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>c) Bodies Corp.</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>d) Banks/FI</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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	Phy-sical	Total	% of total share	Demat	Phy-sical	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)	1,42,88,202	NIL	1,42,88,202	54.27	13997477	NIL	13997477	53.16	-1.11
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Fund									
b) Banks/FI	2200	0	2200	0.01	7166	0	7166	0.03	0.02
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):-	2200	0	2200	0.01	7166	0	7166	0.03	0.02
B2)CGovt/S Govt/President of India	0	0	0	0	0	0	0	0	0

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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	
<b>B 3. Non Institution</b>									
<b>a) Bodies Corp</b>									
i. Indian/Oversea	457870	10000	467870	1.78	635150	10000	645150	2.45	0.67
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto Rs.2 lakh	6061792	1859162	7920954	30.08	6238840	1596562	7835402	29.76	-0.32
ii) Individual shareholders holding nominal share capital in excess Rs. 2 lakh	8,86,720	97,800	9,84,520	3.74	1172979	97800	1270779	4.83	1.09
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	4000	12505	16505	0.06	9000	7505	16505	0.06	0
(d-iii) Non Resident Indians	1217014	0	1217014	4.62	1099481	0	1099481	4.17	-0.45
(d-iv) Overseas corporate bodies	0	1092100	1092100	4.15	0	1092100	1092100	4.15	0
(d-v) Clearing Members	172490	0	172490	0.66	172080	0	172080	0.65	-0.01
(d-vi) Hindu undivided Families	168145	0	168145	0.64	193860	0	193860	0.74	0.1
Sub-total (B) (3)	8968031	3071567	12039598	45.73	9521390	2803967	12325357	46.81	1.08

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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	
<b>Total Public Share holding of Promoter (B)=(B1)+(B2)</b>	<b>8970231</b>	<b>3071567</b>	<b>12041798</b>	<b>45.73</b>	<b>9528556</b>	<b>2803967</b>	<b>12332523</b>	<b>46.84</b>	<b>1.11</b>
C. Shares held by Custodian GDR & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total</b>	<b>23258433</b>	<b>3071567</b>	<b>26330000</b>	<b>100</b>	<b>23526033</b>	<b>2803967</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 Maeilanandhan	10000	0.03	0	0	0	0	-0.03
2.	SKM Shree Shivkumar	11981672	45.51	0	11991672	45.54	0	0.03
3.	S.Kumutaavalli	10005	0.04	0	10005	0.04	0	0
4.	TIDCO	1995800	7.58	0	1995800	7.58	0	0

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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

Sl. No.		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.	<b>SKM Shree Shivkumar</b>				
	At the beginning of the year	11981672	45.51		
				10,000	0
	At the End of the year			1,19,91,672	45.54
Sl. No.		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
2.	<b>SKM Maeilanandhan</b>				
	At the beginning of the year	10000	0.03		
	At the End of the year			0	0

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18****(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 01.04.2017		Shareholding at the end of the year 31.03.2018	
		No.of Shares	%	No.of Shares	%
1.	BELOVO ENGINEERING S.C.	1092100	4.148	1092100	4.148
2.	SUBODH N PUROHIT	213007	0.80	213007	0.80
3.	ANU NARAYAN	183163	0.69	16157	0.06
4.	SUNITA AGGARWAL	144746	0.55	144746	0.55
5.	NITIN PACHARE	109000	0.41	109000	0.41
6.	MALATHY V	84500	0.32	359853	1.37
7.	S RAVINDRA KAMATH	75000	0.28	75000	0.28
8.	KARVY STOCK BROKING LTD(BSE)	72568	0.27	45523	0.17
9.	THAYUMANAVAN BHASKARANAR	63125	0.24	63125	0.24
10.	MANISHA SUBODH PUROHIT	57250	0.22	57250	0.22
11.	SARATH CHANDRA REDDY. K	0	0	128206	0.49
12.	SINGULARITY VENTURES PRIVATE LIMITED	0	0	124999	0.47
13.	HIRJI EDDIE NAGARWALLA	78500	0.30	78500	0.30

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**(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	10000	0.04	-	-
	Datewise Decrease	-	-	10000	0.04
	At the End of the year			NIL	NIL
2.	Shri.SKM Shree Shivkumar Managing Director				
	At the beginning of the year	11981672	45.51	-	-
	Datewise Increase	-	-	10000	0.03
	At the End of the year			11991672	45.54
3.	Smt .S Kumutaavalli Director				
	At the beginning of the year	10005	0.03	-	-
	Datewise Increase	-	-	0	0
	At the End of the year			10005	0.03
4.	Shri SM Venkatachalapathy Director				
	At the beginning of the year	15005	0.06	-	-
	Datewise Increase	-	-	0	0
	At the End of the year			15005	0.06
5.	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 - ANNUAL REPORT 2017-18**

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
6.	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		
7.	Shri.M.Chinnian- Non Executive Independent Director				
	At the beginning of the year	-	-		
	Decrease	-	-	-	-
	At the End of the year	-	-		
8.	Shri.PKumarasamy- Non Executive Independent Director				
	At the beginning of the year	-	-	-	-
	Datewise Increase/Decrease	-	-	-	-
	At the End of the year	-	-		
9.	Shri.D.Venkateswaran- Non Executive Independent Director				
	At the beginning of the year	-	-	-	-
	Datewise Increase/Decrease	-	-	-	-
	At the End of the year	-	-		
10.	Shri. B Ramakrishnan-Nominee Director - TIDCO				
	At the beginning of the year	1995800	7.58	-	-
	Datewise Increase/Decrease	-	-	-	-
	At the End of the year			1995800	7.58
11.	Other Key Managerial Persons:- Shri.K.S.Venkatachalapathy, Chief Financial Officer				
	At the beginning of the year	-	-	-	-
	Datewise Increase/Decrease	-	-	-	-
	At the End of the year	-	-		
12.	Shri.P.Sekar, Company Secretary				
	At the beginning of the year	-	-	-	-
	Datewise Increase/Decrease	-	-	-	-
	At the End of the year	-	-		



## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### 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	43,59,16,026	-	-	43,59,16,026
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
TOTAL (i+ii+iii)	43,59,16,026	-	-	43,59,16,026
Changes in Indebtedness during the Financial Year				
Addition	64,73,958			64,73,958
Reduction	40,60,850			40,60,850
Net Change	24,13,108			24,13,108
Indebtedness at the end of the financial year				
i) Principal Amount	43,83,29,134			43,83,29,134
ii) Interest due but not paid				
iii) Interest accrued but not due				
TOTAL (i+ii+iii)	43,83,29,134			43,83,29,134

### 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 Chairman	Total Amount
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	41,15,650.00	29,26,000.00	70,41,650.00
	(b) Value of perquisites u/s 17(2) Income-tax Act,1961	2,44,984.00	1,28,928.00	3,73,912.00
	Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
	Total (A)	43,60,634.00	30,54,928.00	74,15,562.00
	Based on effective Capital			

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**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	4,000	2,000	4,000	4,000	3000	17000
	Commission	-	-	-	-	-	
	Total(1)	4,000	2,000	4,000	4,000	3000	17,000
4. Other Non Executive Directors		Names of Non Executive Directors					
		Mr.S.M. Venkata chala pathy	Smt.S. Kumutaa valli	Mr B. Rama- krishnan			
	Fee for attending board committee meetings	4,000	4,000	1,000			
	Commission	—	—	—			
	Others, please specify	—	—	—			
	Total (2)	4,000	4,000	1,000			9,000
	Total (B) = (1 + 2)						26,000

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**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	22,58,639.00	4,75,063.00	27,33,702.00
	(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			

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :**

S.No	Sec of Companies Act	Brief Description	Details of penalty/ punishment / Compounding offences	Authority (RD/ NCLT/Court)	Appeals made (if any)
<b>A. Company</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NIL		
Punishment					
Compounding					

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18****APPENDIX-F****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**

<b>S No</b>	<b>Particulars</b>	<b>Information</b>	
1	Name of the subsidiary company	SKM Europe BV	
2	The date since which subsidiary was acquired	22.09.2005	
3	Currency of subsidiary company	Euro	
4	Reporting Currency	Indian Rupee (INR)	
5	% 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	2,85,42,831	4,55,072
8	Total Assets	20,69,38,766	26,73,660
9	Total Liabilities	17,74,16,195	22,00,587
10	Investments	-	-
11	Revenue from Operations	56,97,29,868	74,87,778
12	Profit Before Taxation	34,31,762	69,167
13	Provision for Taxation	-	-
14	Profit After Taxation	34,31,762	69,167
15	Other Comprehensive Income	(25,75,063)	-
16	Total Comprehensive Income	8,56,699	69,167
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 - ANNUAL REPORT 2017-18

### Part "B": Associates and Joint Ventures

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

Name of associates / Joint Ventures	-	-	-
1. Latest audited Balance Sheet Date			
2. Shares of Associate/Joint Ventures held by the company on the year end			
No.			
Amount of Investment in Associates/Joint Venture			
Extend of Holding%			
3. Description of how there is significant influence			
4. Reason why the associate/joint venture is not consolidated			
5. Net worth attributable to shareholding as per latest audited Balance Sheet			
6. Profit/Loss for the year			
i. Considered in Consolidation			
ii. Not Considered in Consolidation			

1. Names of associates or joint ventures which are yet to commence operations.

2. Names of associates or joint ventures which have been liquidated or sold during the year.

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

**N. Prasanna Venkatesan**  
Chartered Accountant  
Membership No. : 235530

**SKM MAEILANANDHAN**  
Executive Chairman  
(DIN : 00002380)

**SKM SHREE SHIVKUMAR**  
Managing Director  
(DIN : 00002384)

**PLACE : Erode**  
**DATE : 28.05.2018**

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

**PSEKAR**  
Company Secretary  
Membership No. A36565

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Key factors which affect the performance of the Company:**

1. The Company recorded revenue of Rs.29,922 lakhs (including other income of Rs.1,715 lakhs) for the year ended 31st March,2018 as against Rs.21,792 lakhs (including other income of Rs.2,247 lakhs) in the previous year ended 31st March,2017.
2. The Profit before tax was at Rs.426 lakhs for the year ended 31st March,2018 as compared to Rs.44 lakhs during the corresponding in the last year.
3. The Net Profit was at Rs.77 lakhs as on 31st March,2018 as against Rs.251 lakhs in the previous year.
4. The quantity sold during the year 2017-18 stood at 6038 tons, when compared to 5341 Tons during the previous year ended 31st March,2017.

**Capital expenditure and funding:**

1. The Capital Expenditure incurred and funded for the year is Rs.785 lakhs of which Rs.491 lakhs pertain to plant and machinery.
2. During the year under review, your company has sold/deleted/adjusted assets worth Rs.7 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 of the industry**

The innate nature of egg powder makes it a highly marketable product but within certain restricted parameters. Fresh eggs have limited shelf-life and are only available in raw form, which is not the case with egg powder. In fact, egg powder is all the goodness of a fresh egg without the extra weight per volume of whole egg equivalent. Although the global fresh egg consumption remains higher, egg powder is quickly taking up the role of a convenient food product. Meanwhile, the commercial use of egg powder is certainly picking up steam, with its increased demand from the bakery and confectionery industry.

Many Experts offers a comprehensive analysis of the current market scenario of egg powder. It includes an exhaustive discussion on the dynamics that are shaping the consumption trends of egg powder worldwide. As per research findings, a significant surge in the rate of health conscious people globally is working to boost the overall egg powder market. Since, egg powder products hold a longer shelf life, it has become an obvious selection among food industries. Furthermore, with the rise in meat prices, egg powder is seen as a good substitute ingredient, together with a renowned source of protein. All of these factors are believed to drive growth in the egg powder market

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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In 2017, more than USD 900 Mn worth of egg powder was consumed worldwide. The global market for egg powder is projected to surge at a compound annual growth rate of 4.34% between 2018 and 2023.

Our Company has identified Russia as one of the biggest users of egg yolk and we have been continuously putting our efforts to cement our position within next two years time. Now we have started of exporting egg liquid to the B2B markets in UAE and Saudi Arabia. The company is eyeing the domestic B2C segment by introducing tetra packs in various sizes, Egg white cubes, Egg Protein Health drinks, etc.

Our company is one of the largest egg processing companies in Asia contributing more than 50% of total exports from India. While its modern testing facility has kept it ahead on the quality front, constant focus on innovation and competitive prices have bagged it some of the biggest clients in key markets-Japan, Europe. Far East & South East Asian countries and Russia besides food majors Mondelez, Hydrozol, etc.

Our company is expanding client list largely attributed to its quality checks. The company has always been proactive when it comes to improving quality standards, own analysis system for pesticide residue and antibiotics.

### **Future Prospects**

Our company has business expansion to export the salted egg yolk to Middle East countries and also having plan to import egg products and value addition thereon.

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

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

### **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 able to maintain good relationship with customers, consistency in quality and timely delivery, we are able to maintain our success by getting repeat orders for the past 22 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 kind 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 we are selling considerable volume in this market.

Our new product of Egg Liquid is highly acceptable in Europe and Middle East 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 have already approved our liquid products We hope to start our

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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deliveries in Oman market from September '18 onwards . Like that now we have re-entered Korea market and we expect good volume of business in this market in this year. Further, now we are working for Frozen egg products also; we expect to start our shipments of this product early from next year 2019.

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 Bangladesh, Iran, Lithuania, etc., also working to identify new customers in Nigeria, Russia, Korea, Germany, etc., We hope, to expand our sales in these markets within end of this financial year.

### **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 31<sup>st</sup> March, 2018**  
**[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,**  
**185, Chennimalai Road, Erode- 638001.**

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2018, 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 31<sup>st</sup> March, 2018 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;

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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- 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;
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Effective 28th October 2014);
- e. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- 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 as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review*

- h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

*Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review*

- i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

*Not applicable as the Company has not bought back any of its securities during the financial year under review.*

vi. The laws as are applicable specifically to the Company are as under:

1. Food Safety and Standards Act, 2006
2. The Export (Quality Control and Inspection) Act, 1963

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

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

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

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

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

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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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

**V. Ramkumar**

FCS No. 8304

C P No. 3832

Date: 30.07.2018

Place: Coimbatore

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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### **Annexure –A to Secretarial Audit Report of even Date**

To

**The Members,  
SKM Egg Products Export (India) Limited,  
185, Chennimalai Road, Erode- 638001.**

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

**V. Ramkumar**

FCS No. 8304

C P No.3832

Date: 30.07.2018

Place: Coimbatore

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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### **Annexure –B**

#### **To Secretarial Audit Report of even Date- Observations**

1. The nominee Director from TIDCO, has been disqualified pursuant to section 164(2)(a) of the Companies Act, 2013 and TIDCO has taken an injunction with Madras High Court Chennai vide no WPNo. 4980 of 2018 and WMPNo. 6138 of 2018
2. There was delay in transferring the unclaimed Dividend pertaining to the year 2007-08 and 2008-09 to the IEPF as the unclaimed dividend account was frozen by the Income Tax Department and money transferred after the ITAT verdict. Shares in respect of which dividend have not been paid or claimed for seven consecutive years or more has not been transferred and corresponding forms IEPF 3 & IEPF 7 not filed.
3. The Company has made an application for consent/settlement pertaining to the show cause notice for the alleged violations pertaining to the period March 2009 to September 2011 in the matter of SEBI (Substantial Acquisition of shares and takeovers) Regulations, 1997 and SEBI (Prohibition of Insider Trading) Regulations, 1992

V. Ramkumar  
FCS No. 8304  
C P No.3832  
Date: 30.07.2018  
Place: Coimbatore

**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 2017-18 and Ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year 2017-18:

<b>Name of the Director / Key Managerial Personnel</b>	<b>% increase in remuneration in the Financial Year 2017-2018</b>	<b>Ratio of the remuneration to the median remuneration of the employees</b>
Shri SKM Maeilanandhan	-----	14.69
Shri SKM Shree Shivkumar	-----	20.97
Smt.S.Kumutaavalli	-----	-----
Shri SM Venkatachalathy	-----	-----
Dr.LM.Ramakrishnan (Independent Director)	-----	-----
Shri.C.Devarajan (Independent Director)	-----	-----
Shri.PKumarasmy (Independent Director)	-----	-----
Shri.M.Chinnian (Independent Director)	-----	-----
Shri.B.Ramakrishnan (Nominee Director- TIDCO)	-----	-----
Shri.D.Venkateswaran (Independent Director)	-----	-----
Shri.K.S.Venkatachalapathy (Chief Financial Officer)	-----	10.86
Shri.P.Sekar (Company Secretary)	-----	2.28

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

- a. The percentage increase in the median remuneration of employees in the financial year: NIL
- b. The number of permanent employees on the rolls of company: 187
- c. **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**

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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**justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average decrease in the salaries of employees other than the managerial personnel in 2017-18 was NIL. The Percentage increase in the managerial remuneration for the same financial year was NIL.

**d. 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.

**On behalf of the Board**

Place : Erode

Date : 30.07.2018

Sd/-  
**SKM. Maeilanandhan,**  
**Chairman**  
**(DIN : 00002380)**

**CEO/CFO CERTIFICATION**

To,

The Board of Directors

SKM Egg Products Export India Limited

We certify that:

1. We have reviewed the financial statements and the cash flow statement of SKM Egg Products Export (India) Limited ("the Company") for the year ended 31st March, 2018 and to the best of our knowledge and belief:

a) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;

b) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

2. To the best of our knowledge and belief, no transactions entered into by the Company during the period ended, are fraudulent, illegal or violative of the Company's Code of Conduct.

3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting.

We have disclosed to the Auditors deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken to rectify the deficiencies.

4. We have indicated to the Auditors:-

i. significant changes in the Company's internal control over financial reporting, if any, during the period;

ii. significant changes in accounting policies, if any, during the period and that the same have been disclosed in the notes to the financial statements; and

iii. instances of significant fraud of which we have become aware and involvement therein, if any, of the management or other employees having a significant role in the Company's internal control system over financial reporting.

For SKM Egg Products Export (India) Limited

SKM Shree Shivkumar  
Chief Executive Officer

K.S.Venkatachalapathy  
Chief Financial Officer

Place: Erode

Date: 28<sup>th</sup> May, 2018



## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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### **INDEPENDENT AUDITOR'S REPORT**

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

##### **Report on the Standalone Ind AS financial statements**

We have audited the accompanying standalone Ind AS financial statements of M/s. **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**, (*"the Company"*), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (Including Other Comprehensive Income), Statement of changes in equity, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

##### **Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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.

##### **Auditor's Responsibility:**

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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### **Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2018; and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Other Matters:**

We did not audit the financial statements / information of 1 branch (Foreign branch) (In Russia) included in the standalone Ind AS financial statements of the Company whose financial statements / financial information reflect total assets of Rs.11,03,93,372/- as at 31st March, 2018 and total revenues of Rs.44,22,56,360/- for the year ended on that date, as considered in the standalone Ind AS financial statements. The financial statements/information of this branch has been furnished to us and our opinion is based on those Financial Statements received from the Branch Office and certified by the Management. 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 Ind AS 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act except the Director Shri.B.Ramakrishnan bearing Director Identification Number (DIN:00182214).
- 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**"; and
- g) 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.

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company except for a sum of Rs.12.12 lakhs, which are held in abeyance due to pending legal cases.

**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.

**N.PRASANNA VENKATESAN**

CHARTERED ACCOUNTANT

Membership No.235530

Date : 28.05.2018

Place: Erode

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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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 2018 in conjunction with our audit of the Standalone Ind As 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 Ind AS 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.

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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### **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 2018, 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.

**N.PRASANNA VENKATESAN**

CHARTERED ACCOUNTANT

Membership No.235530

Date : 28.05.2018

Place : Erode

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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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 31<sup>st</sup> March, 2018 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 31<sup>st</sup> March, 2018 are given below:

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

Nature of the Statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount (Rs)
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals), Coimbatore	2013-14 (April, 2013 to March, 2014)	2,25,20,850/-
Central Excise Act, 1944	Excise Duty	CESTAT, Chennai	April, 2011 to March, 2012	37,883/-
	Excise Duty	CESTAT, Chennai	November, 2011 to March, 2014	5,58,757/-
Finance Act, 1994	Service Tax	High Court of Madras	January, 2005 to April, 2006	2,00,863/-
	Service Tax	High Court of Madras	July, 2005 to March, 2008	33,19,232/-
	Service Tax	CESTAT, Chennai	April, 2006 to March, 2015	12,89,582/-
	Service Tax	Deputy Commissioner of Central Excise, Salem	April, 2014 to September, 2014	7,36,203/-
	Service Tax	Deputy Commissioner of Central Excise, Salem	August, 2012 to March, 2015	43,96,748/-

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

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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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.

**N.PRASANNA VENKATESAN**

CHARTERED ACCOUNTANT

Membership No.235530

Date : 28.05.2018

Place : Erode



**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**STANDALONE BALANCE SHEET AS AT 31st MARCH, 2018**

(in Rs.)

Particulars	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>I. Assets</b>				
<b>(1) Non-current assets</b>				
(a) Property, Plant and Equipment	3(a)	<b>63,98,02,944</b>	61,06,45,217	66,26,86,006
(b) Capital work-in-progress	3(b)	<b>1,49,78,649</b>	2,68,25,330	1,40,05,234
(c) Financial Assets				
(i) Investments	4(a)	<b>1,26,78,351</b>	1,26,78,351	1,26,78,351
(ii) Loans	4(b)	<b>1,61,89,337</b>	1,86,11,279	1,66,88,605
<b>(2) Current assets</b>				
(a) Inventories	5	<b>39,47,59,283</b>	52,32,62,106	42,84,37,967
(b) Financial Assets				
(i) Trade receivables	6(a)	<b>16,14,89,395</b>	14,00,23,973	12,00,02,222
(ii) Cash and cash equivalents	6(b)	<b>19,99,02,893</b>	17,11,05,132	16,76,18,980
(iii) Bank balances other than (ii) above	6(c)	<b>20,66,104</b>	21,08,197	50,13,460
(iv) Loans	6(d)	<b>1,37,39,422</b>	1,46,64,811	1,17,63,424
(v) Other Financial Assets	6(e)	<b>3,91,61,287</b>	17,34,790	3,64,184
(c) Other current assets	7	<b>11,00,26,552</b>	8,14,59,963	6,98,70,483
<b>Total Assets</b>		<b>160,47,94,217</b>	<b>160,31,19,149</b>	<b>150,91,28,916</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share capital	8(a)	<b>26,33,00,000</b>	26,33,00,000	26,33,00,000
(b) Other Equity	8(b)	<b>63,48,89,834</b>	62,71,89,619	60,21,33,506
<b>LIABILITIES</b>				
<b>(1) Non-current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	9	<b>34,635</b>	10,89,303	51,84,122
(b) Provisions	10	<b>78,18,073</b>	44,85,210	34,69,000
(c) Deferred tax liabilities (Net)	11	<b>7,66,95,931</b>	6,11,91,410	7,96,56,612
<b>(2) Current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	12(a)	<b>43,72,05,196</b>	43,07,31,238	35,01,75,995
(ii) Trade payables	12(b)	<b>16,43,67,167</b>	17,06,17,668	10,65,55,407
(iii) Other financial liabilities	12(c)	<b>43,95,325</b>	74,43,600	100,95,578
(b) Other current liabilities	13	<b>74,31,270</b>	258,11,686	647,06,070
(c) Provisions	14	<b>86,56,785</b>	112,59,415	238,52,626
<b>Total Equity and Liabilities</b>		<b>160,47,94,217</b>	<b>160,31,19,149</b>	<b>150,91,28,916</b>

As per our report of even date

FOR AND ON BEHALF OF THE BOARD

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

**SKM MAEILANANDHAN**  
Executive Chairman  
& Whole Time Director  
(DIN : 00002380)

**SKM SHREE SHIVKUMAR**  
Managing Director  
(DIN : 00002384)

**PLACE : Erode**  
**DATE : 28.05.2018**

**K.S.VENKATACHALAPATHY** B.Com., F.C.A.  
Chief Financial Officer  
Membership No.029064

**P.SEKAR** M.Com., ACS.,  
Company Secretary  
Membership No. A36565

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**STANDALONE STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31st MARCH 2018** (in Rs.)

Particulars	Note No.	2017 - 18	2016 - 17
Revenue from operations	17	<b>282,06,67,019</b>	195,44,90,228
Other Income	18	<b>17,14,86,661</b>	22,46,96,701
<b>Total Income</b>		<b>299,21,53,679</b>	<b>217,91,86,928</b>
<b>EXPENSES</b>			
Cost of materials consumed	19	<b>163,59,64,725</b>	152,36,12,654
Purchases of Stock-in-Trade	20	<b>62,01,21,327</b>	15,51,14,936
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	21	<b>11,63,76,182</b>	(9,75,42,334)
Employee benefits expense	22	<b>12,12,57,121</b>	13,33,37,106
Finance costs	23	<b>2,35,46,483</b>	4,89,25,695
Depreciation and amortization expense	24	<b>12,95,31,972</b>	12,03,54,580
Other expenses	25	<b>30,28,02,466</b>	29,10,22,100
<b>Total expenses</b>		<b>294,96,00,276</b>	<b>217,48,24,737</b>
<b>Profit/(loss) before tax</b>		<b>4,25,53,403</b>	<b>43,62,191</b>
Tax expense:			
(1) Current tax		<b>1,74,40,464</b>	49,31,393
(2) Deferred tax	26	<b>1,55,04,521</b>	(1,84,65,202)
<b>Profit/(loss) for the period</b>		<b>96,08,418</b>	<b>178,96,000</b>
<b>Other Comprehensive Income</b>			
(i) Items that will not be reclassified to Statement of Profit and loss		<b>(28,50,744)</b>	1,06,96,794
(ii) Income tax relating to items that will not be reclassified to Statement of Profit and loss		<b>(9,42,541)</b>	35,36,681
(iii) Items that will be reclassified to Statement of Profit and loss		-	-
(iv) Income tax relating to items that will be reclassified to Statement of Profit and loss		-	-
<b>Total Comprehensive Income for the year</b>		<b>77,00,215</b>	<b>2,50,56,113</b>
Earning per equity share of face value Rs.10 each	27		
Basic (in Rs)		<b>0.36</b>	0.68
Diluted (in Rs)		<b>0.36</b>	0.68

As per our report of even date

**FOR AND ON BEHALF OF THE BOARD**

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

**SKM MAEILANANDHAN**  
Executive Chairman  
& Whole Time Director  
(DIN : 00002380)

**SKM SHREE SHIVKUMAR**  
Managing Director  
(DIN : 00002384)

**PLACE : Erode**  
**DATE : 28.05.2018**

**K.S.VENKATACHALAPATHY** B.Com., F.C.A.  
Chief Financial Officer  
Membership No.029064

**P.SEKAR** M.Com., ACS.,  
Company Secretary  
Membership No. A36565

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**  
**Statement Of Changes In Equity**

**A. Equity Share Capital**

Balance at the beginning of the reporting period (i.e. 1st April, 2017)	Changes in equity share capital during the year 2017-18	Balance at the end of the reporting period (i.e. 31st March, 2018)
26,33,00,000	-	26,33,00,000
Balance at the beginning of the reporting period (i.e. 1st April, 2016)	Changes in equity share capital during the year 2016-17	Balance at the end of the reporting period (i.e. 31st March, 2017)
26,33,00,000	-	26,33,00,000

**B. Other Equity**  
**As on 31st March 2018**

Particulars	Reserves & Surplus				Total
	Securities Premium	General Reserve	Retained Earnings	Other Comprehensive Income	
Balance at the beginning of the reporting period (i.e. 1st April, 2017)	4,00,692	4,32,812	61,91,96,002	71,60,113	62,71,89,619
Total Comprehensive Income for the year	-	-	96,08,418	(19,08,203)	77,00,215
Dividends	-	-	-	-	
Tax on dividends	-	-	-	-	
Balance at the end of the reporting period (i.e. 31st March, 2018)	4,00,692	4,32,812	62,88,04,419	52,51,910	63,48,89,834

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

As on 31st March 2017

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, 2016)	4,00,692	4,32,812	60,13,00,002	-	60,21,33,506
Total Comprehensive Income for the year	-	-	1,78,96,000	71,60,113	2,50,56,113
Dividends	-	-	-	-	-
Tax on dividends	-	-	-	-	-
Balance at the end of the reporting period (i.e. 31st March, 2017)	4,00,692	4,32,812	61,91,96,002	71,60,113	62,71,89,619

As per our report of even date

FOR AND ON BEHALF OF THE BOARD

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

**SKM MAEILANANDHAN**  
Executive Chairman  
& Whole Time Director  
(DIN : 00002380)

**SKM SHREE SHIVKUMAR**  
Managing Director  
(DIN : 00002384)

**PLACE : Erode**  
**DATE : 28.05.2018**

**K.S.VENKATACHALAPATHY** B.Com., F.C.A.  
Chief Financial Officer  
Membership No.029064

**PSEKAR** M.Com., ACS.,  
Company Secretary  
Membership No.A36565

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**CASH FLOW STATEMENT FOR THE PERIOD FROM 1ST APRIL, 2017 TO 31ST MARCH, 2018** (in Rs.)

Particulars	2017 - 2018	2016 - 2017
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit Before Tax as per Statement of Profit and Loss	4,25,53,403	43,62,191
Adjusted for:		
Depreciation	6,12,32,177	5,86,40,046
Financial Cost	2,35,46,483	4,89,25,695
(Profit) / Loss on Sale of Assets	(42,969)	(3,42,857)
Interest income	(47,78,123)	(1,23,59,638)
<b>Operating profit before Working capital changes</b>	<b>12,25,10,972</b>	<b>9,92,25,437</b>
Adjusted for:		
Trade & Other Receivables	(8,41,11,178)	(3,78,05,898)
Inventories	12,85,02,823	(9,48,24,139)
Trade & Other Payables	(2,88,57,161)	1,80,99,012
<b>Cash Generated from Operations</b>	<b>13,80,45,456</b>	<b>(1,53,05,589)</b>
Taxes Paid (Net)	(1,74,40,464)	(49,31,393)
<b>Net Cash from / (used in) Operating Activities - A</b>	<b>12,06,04,992</b>	<b>(2,02,36,982)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(7,85,43,223)	(1,94,19,353)
Sale of Fixed Assets	42,969	3,42,857
Interest income	47,78,123	123,59,638
<b>Net Cash from / (used in) Investing Activities - B</b>	<b>(7,37,22,131)</b>	<b>(67,16,858)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Repayment of Long Term Borrowings	(10,54,668)	(40,94,819)
Financial Cost	(2,35,46,483)	(4,89,25,695)
<b>Net Cash Flow from / (used in) Financing Activities - C</b>	<b>(2,46,01,151)</b>	<b>(5,30,20,514)</b>
Net Increase / (Decrease) in Cash and Cash equivalents	2,22,81,710	(7,99,74,354)
Opening Cash & Cash Equivalents	(25,75,17,909)	(17,75,43,555)
Closing Cash & Cash Equivalents	(23,52,36,199)	(25,75,17,909)

As per our report of even date

**FOR AND ON BEHALF OF THE BOARD**

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

**SKM MAEILANANDHAN**  
Executive Chairman  
& Whole Time Director  
(DIN : 00002380)

**SKM SHREE SHIVKUMAR**  
Managing Director  
(DIN : 00002384)

**PLACE : Erode**  
**DATE : 28.05.2018**

**K.S.VENKATACHALAPATHY** B.Com., F.C.A.  
Chief Financial Officer  
Membership No.029064

**P.SEKAR** M.Com., ACS.,  
Company Secretary  
Membership No.A36565

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

### **Notes to the Standalone Financial Statements for the year ended 31st March ' 2018**

#### **1. CORPORATE INFORMATION**

SKM Egg Products Export India Limited ("*the company*") is an Export Oriented Undertaking and engaged in the manufacture and sale of Egg Products. The company is a listed entity incorporated and domiciled in India.

The address of its registered office is No.185, Chennimalai Road, 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.

#### **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

The financial statements of the company have been prepared to comply with the Indian Accounting Standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.

Upto the year ended March 31, 2017, the Company has prepared its financial statements in accordance with the requirement of Indian Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 and considered as 'Previous GAAP'.

These financial statements are the Company's first Ind AS standalone financial statements.

##### **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       | FIFO                  |
| ii) Packing Materials  | Weighted Average Cost |
| iii) Additives         | Weighted Average Cost |
| iv) Stores & Spares    | Weighted Average Cost |
| v) Semi-finished goods | FIFO                  |

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vi) Finished goods	Standard Cost
vii) Livestock	Weighted Average Cost. The Carrying amount of the unamortised value of livestock in the financial statement is a close approximation of its fair value and hence in the best judgement of the management taking into consideration market and materiality factors it represents the fair value for 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.

### **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.

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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.

### **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**

Leases are classified as finance leases whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in Statement of Profit and Loss, unless they are directly attributable to the qualifying assets, in which case they are capitalized. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.



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### **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.

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### **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.

### **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.

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### **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:**

Though there is no impairment of assets during the year, the Company generally follows the impairment provisions for financial assets which 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.

### **FIRST TIME ADOPTION OF IND AS**

The Company has adopted Ind AS with effect from 1st April 2017 with comparable being restated and accordingly the company has prepared its first Financial Statements in accordance with Ind AS for the year ended 31 March 2018. For periods up to and including the year ended 31 March 2017, the company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). The effective date for Company's Ind AS opening balance sheet is 1 April 2016 (the date of transition to Ind AS).

The accounting policies set out above have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in preparation of an opening Ind AS Balance Sheet as at 1 April 2016 (the Company's date of transition). According to Ind AS 101, the first Ind AS financial statements must use recognition and measurement principles

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that are based on standards and interpretations that are effective as at 31 March 2018, the date of first time preparation of financial statements according to Ind AS. These accounting principles and measurement principles must be applied retrospectively to the date of transition to Ind AS and for all periods presented within the first Ind AS financial statements.

### **Exemptions and exceptions availed**

In the Ind AS opening balance sheet as at 1st April 2016, the carrying amounts of assets and liabilities from the Indian GAAP as at 31st March 2016 are generally recognized and measured according to Ind AS in effect as on 31 March 2018. For certain individual cases, however, Ind AS 101 provides for optional exemptions and mandatory exceptions to the general principles of retrospective application of Ind AS.

### **Optional exemptions availed**

#### **(a) Property, plant and equipment**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for decommissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 - Intangible Assets. Accordingly, the company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

### **Mandatory exemptions**

#### **(a) Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Accordingly company has classified and measured all its financial assets at amortised cost on the basis of the facts and circumstances that exist at the date of transition to ind AS

#### **(b) Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

### **Notes to first time adoption**

#### **(i) Other Comprehensive Income**

Under Indian GAAP, the company has not presented other comprehensive income (OCI) separately. Items that have been reclassified from statement of profit and loss to other comprehensive income. Income income re-measurement of defined benefit plans (net of tax). An amount of Rs.71,60,113/- is being reclassified from Profit or Loss to Other Comprehensive Income during year 2016-17.

#### **(ii) Statement of cash flows**

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows except that the Cash Credit facility which was not netted off with the balance of cash and cash equivalents under erstwhile GAAP in the cash flow statement. But the Cash Credit facility is netted off with the balance of cash and cash equivalents under Statement of Cash flows under Ind AS.

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There are no other adjustments to the amounts recognized as per Ind AS other than re-measurement of defined benefit obligations recognized on OCI. Hence, reconciliation statement required as per Para 24 of Ind AS 101 is not warranted.

### **2 (i).CONTINGENT LIABILITIES & COMMITMENTS:**

<b>Particulars</b>	<b>As at 31.03.2018</b>	<b>As at 31.03.2017</b>
(a) Claims against the company / disputed liabilities not acknowledged as debts:		
i) Income Tax Liability	2,25,20,850	3,95,63,320
ii) Service Tax Liability	99,42,628	44,37,840
iii) Excise Duty Liability	5,96,640	11,41,510
(b) Other money for which the Company is contingently liable:		
i) Liability in respect of bills discounted with banks	21,36,29,525	14,53,29,805

(ii) 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.

There are Income Tax Demands to the tune of of Rs.2,25,20,850/- for the Assessment year 2014-2015 (Net of Payments being 20% of the tax demand payable on appeal) which is on account of denial of the benefit of brought forward losses under the MAT Provisions of the Income Tax Act 1961. Based on the decisions of Appellate Authorities / interpretations of other relevant provisions, the company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made for the balance amount of tax liability. Success in the appeal will result in the company receiving the refund of the tax paid and the result to the contrary would still benefit the company in availing a credit for Rs.1.90 crores out of the above tax demand under the MAT provisions, in the subsequent years and hence this constitutes a contingent asset.

The company was successful in the matter relating to the appeals filed for the Assessment year 2012-2013 which has the impact of restoring the brought forward losses to the tune of Rs.2.07 Crores.

The carried forward losses under the Income Tax Act, 1961 of the earlier assessment year A.Y.2013-14 has been reduced by the Assessing Officer while completing the assessment by making some adjustments to the returned Loss. The Company has preferred appeals before the immediate superior authority which appeals are pending for disposal as on the date of the financial reports. Since the adjustments have resulted only in the reduction of carry forward losses, there is no immediate demand raised for the relevant assessment years. The tax impact could not be immediately ascertained since it hinges upon the outcome of the appeals concerning the other assessment years.

During the year, on the outcome of the ITAT verdict on the issue concerning section 10B of the Income Tax Act 1961, the company's entire tax liability for the Assessment years 2008-2009 and 2009-2010 to the extent of Rs. 3,28,67,800/- and Rs.3,02,73,520/- respectively got nullified by way of adjustment of refunds for the earlier

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assessment years and by way of payment of the balance amount. Hence the company has no liability for the above mentioned two assessment years. However the company, since denied the benefit because of the wrong interpretation of the department of the order of the Commissioner of Income Tax, CBE made under section 264 of the Income Tax Act 1961, had again preferred an appeal before the First Appellate Authority being the Commissioner of Income Tax, Appeals Coimbatore, which appeals are pending before the same Authority. The success in the appeals would result in the company receiving the refunds of taxes paid for the above mentioned two assessment years and also it will enable the company to enjoy the benefits, fully or partially, of tax credits available under the MAT provisions in the subsequent years. The company is confident of coming out successful in the appeals. Due to uncertainty in the outcome of the appeals for other years preferred by the Income Tax Department and the Company on other issues, the resulting exact benefit cannot be immediately quantified.

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**03. PROPERTY, PLANT & EQUIPMENT**

(in Rs.)

S. No.	Particulars	Gross Block			Depreciation			Net Block		
		01.04.2017	Addition during the year	Deduction during the year	31.03.2018	01.04.2017	Depreciation for the year	Deduction / Adjustment during the year	31.03.2018	01.04.2017
<b>(a)</b>	<b>Tangible Assets</b>									
	(Not under lease)									
	Land	3,58,09,230	-	-	3,58,09,230	-	-	-	3,58,09,230	3,58,09,230
	Building	40,66,88,496	2,64,52,676	-	43,31,41,172	1,36,48,994	-	15,28,47,359	28,02,93,813	26,74,90,131
	Plant & Machinery	71,67,45,635	4,08,38,048	-	75,75,83,683	3,53,31,073	-	50,20,98,697	25,54,84,986	24,99,78,011
	Electrical Installation and equipments	7,29,70,386	6,71,310	-	7,36,41,696	16,79,699	-	6,76,76,172	59,65,524	69,73,913
	Lab Equipment	3,82,80,094	40,700	-	3,83,20,794	23,78,192	-	2,11,11,017	1,72,09,777	1,95,47,229
	Office Equipment	1,42,52,635	17,03,568	-	1,59,56,203	14,93,490	-	1,12,23,448	47,32,755	45,22,677
	Computers	1,28,85,642	1,73,43,743	-	3,02,29,385	26,39,856	-	1,44,02,713	1,58,26,672	11,22,785
	Furniture & Fixtures	95,97,328	4,22,201	-	1,00,19,529	4,10,752	-	64,98,511	35,21,018	35,09,569
	Motor Vehicles	4,45,21,875	29,17,657	6,63,062	4,67,76,470	36,50,168	6,63,070	2,58,17,301	2,09,59,169	2,16,91,672
	SUB TOTAL (a)	135,17,51,321	9,03,89,904	6,63,062	144,14,78,163	6,12,32,185	6,63,070	80,16,75,219	63,98,02,944	61,06,45,217
<b>(b)</b>	<b>Capital Work-in-progress</b>									
	SUB TOTAL (b)	2,68,25,330	7,17,89,035	8,36,35,716	1,49,78,649	-	-	-	1,49,78,649	2,68,25,330
	<b>Total (a+b) (Current Year)</b>	<b>137,85,76,651</b>	<b>16,21,78,938</b>	<b>8,42,98,778</b>	<b>145,64,56,812</b>	<b>6,12,32,185</b>	<b>6,63,070</b>	<b>80,16,75,219</b>	<b>65,47,81,593</b>	<b>63,74,70,547</b>
	<b>(Previous Year)</b>	<b>136,09,46,483</b>	<b>2,09,78,670</b>	<b>33,48,502</b>	<b>137,85,76,651</b>	<b>5,86,40,046</b>	<b>17,89,185</b>	<b>74,11,06,104</b>	<b>63,74,70,547</b>	<b>67,66,91,240</b>

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(in Rs.)

S. No.	Particulars	Gross Block			Depreciation			Net Block		
		01.04.2016	Addition during the year	Deduction during the year	31.03.2017	01.04.2016	Depreciation for the year	Deduction / Adjustment during the year	31.03.2017	01.04.2016
<b>(a)</b>	<b>Tangible Assets</b>									
	(Not under lease)									
	Land	3,58,09,230	-	-	3,58,09,230	-	-	-	3,58,09,230	3,58,09,230
	Building	40,62,82,644	4,05,852	-	40,66,88,496	12,58,30,056	-	13,91,98,365	26,74,90,131	28,04,52,588
	Plant & Machinery	71,53,36,466	14,09,169	-	71,67,45,635	43,30,52,327	-	46,67,67,624	24,99,78,011	28,22,84,138
	Electrical Installation and equipments	7,08,55,616	21,14,771	-	7,29,70,387	6,39,37,004	-	6,59,96,473	69,73,914	69,18,612
	Lab Equipment	3,80,76,394	2,03,700	-	3,82,80,094	1,61,17,373	-	1,87,32,865	1,95,47,229	2,19,59,021
	Office Equipment	1,31,06,791	11,45,844	-	1,42,52,635	80,06,037	-	97,29,958	45,22,677	51,00,754
	Computers	1,26,33,492	2,52,150	-	1,28,85,642	1,06,25,394	-	1,17,62,857	11,22,765	20,08,098
	Furniture & Fixtures	94,90,637	1,06,691	-	95,97,328	56,37,163	-	60,87,759	35,09,569	38,53,474
	Motor Vehicles	4,53,49,980	9,61,080	17,89,185	4,45,21,875	2,10,49,889	17,89,185	2,28,30,203	2,16,91,672	2,43,00,091
	<b>SUB TOTAL (a)</b>	<b>134,69,41,249</b>	<b>65,99,257</b>	<b>17,89,185</b>	<b>1,35,17,51,321</b>	<b>68,42,55,243</b>	<b>17,89,185</b>	<b>74,11,06,104</b>	<b>61,06,45,217</b>	<b>66,26,86,006</b>
<b>(b)</b>	<b>Capital Work-in-progress</b>									
		1,40,05,234	1,43,79,413	15,59,317	2,68,25,330	-	-	-	2,68,25,330	1,40,05,234
	<b>SUB TOTAL (b)</b>	<b>1,40,05,234</b>	<b>1,43,79,413</b>	<b>15,59,317</b>	<b>2,68,25,330</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,68,25,330</b>	<b>1,40,05,234</b>
	<b>Total (a+b)</b>									
	<b>(Current Year)</b>	<b>136,09,46,483</b>	<b>2,09,78,670</b>	<b>33,48,502</b>	<b>137,85,76,651</b>	<b>68,42,55,243</b>	<b>17,89,185</b>	<b>74,11,06,104</b>	<b>63,74,70,547</b>	<b>67,66,91,240</b>
	<b>(Previous Year)</b>	<b>131,07,83,276</b>	<b>13,70,76,153</b>	<b>8,69,12,946</b>	<b>136,09,46,483</b>	<b>63,40,93,145</b>	<b>89,77,713</b>	<b>68,42,55,243</b>	<b>67,66,91,240</b>	<b>67,66,90,130</b>



## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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### **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, 2018 and 2017 as the recoverable value of the CGUs exceeded the carrying value. Further, none of the CGU's tested for impairment as of March 31, 2018 and 2017 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:**

The fixed assets are under the second charge for short term borrowings with banks.

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**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

(in Rs.)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>04 (a) INVESTMENTS</b>			
<b>Investment measured at cost:</b>			
In equity shares of subsidiary company:			
SKM Europe BV, The Netherlands	8,32,779	8,32,779	8,32,779
15,300 Shares of Euro 1/- each fully paid-up			
<b>Investment measured at amortised cost:</b>			
In equity shares of other company:			
SKM Universal Marketing Company India Private Limited	1,18,45,572	1,18,45,572	1,18,45,572
Equity Shares of 789700 @ Rs.10/- each			
Aggregate amount of quoted investments	-	-	-
Aggregate amount of unquoted investments	1,26,78,351	1,26,78,351	1,26,78,351
Investment measured at cost	8,32,779	8,32,779	8,32,779
Investment measured at amortised cost	1,18,45,572	1,18,45,572	1,18,45,572
<b>Total</b>	<b>1,26,78,351</b>	<b>1,26,78,351</b>	<b>1,26,78,351</b>

The details of subsidiary 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%

<b>04(b) LOANS (UNSECURED AND CONSIDERED GOOD)</b>			
Deposits	1,38,24,501	1,23,87,323	1,12,61,646
Advances Recoverable	23,64,836	62,23,956	54,26,959
<b>Total</b>	<b>1,61,89,337</b>	<b>1,86,11,279</b>	<b>1,66,88,605</b>
<b>05. INVENTORIES</b>			
Raw Material	2,71,17,046	3,91,94,805	4,36,08,119
Finished Goods	26,99,69,763	38,63,45,945	28,88,03,611
Stores and spares, additives and consumables & packing materials	5,50,26,688	3,74,64,882	4,23,06,769
Livestock - Birds	4,26,45,786	6,02,56,474	5,37,19,468
<b>Total</b>	<b>39,47,59,283</b>	<b>52,32,62,106</b>	<b>42,84,37,967</b>

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**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

(in Rs.)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>06(a) TRADE RECEIVABLES</b>			
<b>Unsecured &amp; Considered Good</b>			
Sundry Debtors	16,14,89,395	14,00,23,973	12,00,02,222
<b>Total</b>	<b>16,14,89,395</b>	<b>14,00,23,973</b>	<b>12,00,02,222</b>

Trade receivables are netted with Bill discounting of Rs.21,36,29,525 (Previous year Rs.14,53,29,805/-)

<b>06(b) CASH AND CASH EQUIVALENTS</b>			
Balances with banks			
Current Accounts	3,18,55,237	3,99,53,812	2,53,87,545
Demand deposits	16,72,70,400	13,01,71,908	14,14,94,778
Cash on hand	7,77,257	9,79,412	7,36,657
<b>Sub Total</b>	<b>19,99,02,893</b>	<b>17,11,05,132</b>	<b>16,76,18,980</b>
<b>06(c) BANK BALANCES OTHER THAN ABOVE</b>			
Balances with banks - Unclaimed dividend			
Current Accounts	20,66,104	21,08,197	50,13,460
<b>Sub Total</b>	<b>20,66,104</b>	<b>21,08,197</b>	<b>50,13,460</b>
<b>Total</b>	<b>20,19,68,997</b>	<b>17,32,13,329</b>	<b>17,26,32,440</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	20,19,68,997	17,32,13,329	17,26,32,440
Bank Overdrafts	(43,72,05,196)	(43,07,31,238)	(35,01,75,995)
<b>Total</b>	<b>(23,52,36,199)</b>	<b>(25,75,17,909)</b>	<b>(17,75,43,555)</b>
<b>06(d) LOANS</b>			
<b>(UNSECURED AND CONSIDERED GOOD) - CURRENT</b>			
Staff Advances	1,04,950	54,475	1,44,452
Trade Advances	84,30,904	90,61,441	61,66,036
Prepaid Expenses	52,03,569	55,48,895	54,52,936
<b>Total</b>	<b>1,37,39,422</b>	<b>1,46,64,811</b>	<b>1,17,63,424</b>

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**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

(in Rs.)

<b>Particulars</b>	<b>As at 31.03.2018</b>	<b>As at 31.03.2017</b>	<b>As at 01.04.2016</b>
<b>06(e) OTHER FINANCIAL ASSETS - CURRENT</b>			
Subsidies receivable & Income accrued on deposits	3,91,61,287	17,34,790	3,64,184
<b>Total</b>	<b>3,91,61,287</b>	<b>17,34,790</b>	<b>3,64,184</b>
<b>07. OTHER CURRENT ASSETS</b>			
MAT Credit Entitlement & Tax refund receivables	10,50,89,293	6,69,12,692	6,70,41,806
Others	49,37,259	1,45,47,271	28,28,677
<b>Total</b>	<b>11,00,26,552</b>	<b>8,14,59,963</b>	<b>6,98,70,483</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	30,00,00,000
<b>Issued, Subscribed &amp; Paid-up:</b>			
263,30,000 Equity Shares of Rs.10/- each fully paid-up	26,33,00,000	26,33,00,000	26,33,00,000
<b>Total</b>	<b>26,33,00,000</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	2,63,30,000
Changes during the year	-	-	-
At the end of the year	2,63,30,000	2,63,30,000	2,63,30,000
<b>Details of shareholders holding more than 5% shares:</b>			
Name of the Share Holders			
SKM SHREE SHIVKUMAR			
Face value of the Equity Shares	11,99,16,720	11,98,16,720	11,98,16,720
No of Equity Shares Held as on Balance sheet dt.	1,19,91,672	1,19,81,672	1,19,81,672
% of Holdings	45.54%	45.51%	45.51%
TAMILNADU INDUSTRIAL DEVELOPMENTCORP.LTD			
Face value of the Equity Shares	1,99,58,000	1,99,58,000	1,99,58,000
No of Equity Shares Held as on Balance sheet dt.	19,95,800	19,95,800	19,95,800
% of Holdings	7.58%	7.58%	7.58%
Total No of Equity Shares	2,63,30,000	2,63,30,000	2,63,30,000
Face value of Equity shares	10	10	10

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**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

(in Rs.)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>08(b) OTHER EQUITY</b>			
Securities Premium Account :			
Opening Balance	4,00,692	4,00,692	4,00,692
Add : Current year transfer			
less: Written back			
Closing Balance	4,00,692	4,00,692	4,00,692
General Reserve:			
Opening Balance (Revenue Reserve)	4,32,812	4,32,812	4,32,812
Add : Current year transfer			
less: Written back			
Closing Balance	4,32,812	4,32,812	4,32,812
Retained Earnings:			
Opening Balance	61,91,96,002	60,13,00,002	40,65,24,036
Add: Current Year Balance before appropriation	96,08,418	1,78,96,000	22,64,96,947
Less: Dividend	-	-	2,63,30,000
Less: Dividend Distribution Tax	-	-	53,90,981
Closing Balance	62,88,04,420	61,91,96,002	60,13,00,002
Other Comprehensive Income:			
Opening balance	71,60,113	-	-
Movement in OCI during the year	(19,08,203)	71,60,113	-
Closing balance	52,51,910	71,60,113	-
<b>Total</b>	<b>63,48,89,834</b>	<b>62,71,89,619</b>	<b>60,21,33,506</b>
<b>09.BORROWINGS - NON CURRENT</b>			
Secured - At amortised cost			
Term Loan - Others			
i) Kotak Mahindra ( Vehicle Loan )	34,635	10,89,303	51,84,122
<b>Total</b>	<b>34,635</b>	<b>10,89,303</b>	<b>51,84,122</b>
<b>10.PROVISIONS - NON CURRENT</b>			
<i>Provision for Employee Benefits</i>			
Earned Leave Encashment	35,55,239	41,24,283	34,69,000
Net Gratuity obligation	42,62,834	3,60,927	-
<b>Total</b>	<b>78,18,073</b>	<b>44,85,210</b>	<b>34,69,000</b>

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

(in Rs.)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>11. Deferred Tax Liability (Net)</b>			
At the start of the year	6,11,91,410	7,96,56,612	970,01,209
Charge / (credit) to Statement of Profit & Loss	1,55,04,521	(1,84,65,202)	(1,73,44,597)
At the end of the year	7,66,95,931	7,24,29,387	14,48,58,775
Deferred Tax (Assets) / Liabilities in relation to:			
Property, plant and equipment	8,21,37,944	7,09,52,429	9,07,45,943
Provisions	(11,75,469)	(13,63,612)	(12,00,552)
Carry Forward Losses	(42,66,544)	(83,97,407)	(98,88,779)
<b>Total</b>	<b>7,66,95,931</b>	<b>6,11,91,410</b>	<b>7,96,56,612</b>
<b>12(a) BORROWINGS - CURRENT</b>			
Secured - At amortised cost			
Working Capital Loans			
From Banks			
Foreign Currency Loans (SBI)	43,72,05,196	43,07,31,238	35,01,75,995
<b>Total</b>	<b>43,72,05,196</b>	<b>43,07,31,238</b>	<b>35,01,75,995</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 *	16,36,52,133	16,92,22,765	10,65,54,207
Creditors For Expenses & Others	7,15,034	13,94,903	1,200
<b>Total</b>	<b>16,43,67,167</b>	<b>17,06,17,668</b>	<b>10,65,55,407</b>

The company has not received any intimation from the suppliers regarding status under the Micro, Small and Medium enterprises development Act, 2006 (The Act) and hence disclosure regarding:

- i) Amount due and outstanding to suppliers as at the end of the accounting year.
- ii) Interest paid during the year.
- iii) Interest payable at the end of the accounting year.
- iv) Interest accrued and unpaid at the end of the accounting year, have not been provided.

The company is making efforts to get the confirmations from the suppliers as regards their status under the Act.

\*(The Disclosure requirement under Micro, Small and Medium Enterprises Development Act 2006 has not been made since the company has requested for the details from the parties and which are yet to be received on the date of signing of this Financial Report).

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18****NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

(in Rs.)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>12(c) OTHER FINANCIAL LIABILITIES - CURRENT</b>			
Current Maturities of Long Term Debt			
(I) From Others			
Kotak Mahindra ( Vehicle Loan )	10,89,303	40,95,485	38,41,600
Unclaimed Dividends	33,06,022	33,48,115	62,53,978
<b>Total</b>	<b>43,95,325</b>	<b>74,43,600</b>	<b>1,00,95,578</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.12.12 lakhs (Previous year 12.12 lakhs), which amount was discharged by the company subsequently in April, 2018.

<b>13.OTHER CURRENT LIABILITIES</b>			
Advances from customers	93,831	1,91,31,127	21,42,796
Statutory Dues	68,31,803	60,16,553	3,70,19,311
Other payables	5,05,636	6,64,006	2,55,43,963
<b>Total</b>	<b>74,31,270</b>	<b>2,58,11,686</b>	<b>6,47,06,070</b>

Other payables include other current liabilities of Russian branch & Rent advance received

<b>14.PROVISIONS</b>			
Provisions for Employee Benefits			
Bonus Payable	58,86,000	62,44,000	60,35,000
Other Provisions	27,70,785	50,15,415	1,78,17,626
<b>Total</b>	<b>86,56,785</b>	<b>1,12,59,415</b>	<b>2,38,52,626</b>

**15.CAPITAL MANAGEMENT - ADDITIONAL CAPITAL DISCLOSURES:**

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

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

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

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

The capital structure of the company is as follows:

(in Rs.)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Total Equity (A)	89,81,89,834	89,04,89,619	86,54,33,506
% Change 2017 - 18	0.86%	NA	NA
% Change 2016 - 17	NA	2.90%	NA
Current Loans and borrowings	43,82,94,499	43,48,26,723	35,40,17,595
Non-current loans and borrowings	34,635	10,89,303	51,84,122
Total loans and borrowings (B)	43,83,29,134	43,59,16,026	35,92,01,717
% Change 2017 - 18	0.55%	NA	NA
% Change 2016 - 17	NA	21.36%	NA
Loans & borrowings as a percentage of total equity	48.80%	48.95%	41.51%
<b>Total Capital (A) + (B)</b>	<b>133,65,18,968</b>	<b>132,64,05,645</b>	<b>122,46,35,223</b>
% Change 2017 - 18	0.76%	NA	NA
% Change 2016 - 17	NA	8.31%	NA

#### 16. FINANCIAL INSTRUMENTS:

##### Valuation:

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

- The fair value of Forward Foreign Exchange contracts is determined using forward exchange rates and yield curves at the balance sheet date.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.
- 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)



**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

(in Rs.)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>Financial Assets</b>			
<b>At amortised cost</b>			
(i) Trade receivables	16,14,89,395	14,00,23,973	12,00,02,222
(ii) Cash and cash equivalents	19,99,02,893	17,11,05,132	16,76,18,980
(iii) Bank balances other than (ii) above	20,66,104	21,08,197	50,13,460
(iv) Loans	2,99,28,759	3,32,76,090	2,84,52,029
(v) Investments*	1,18,45,572	118,45,572	1,18,45,572
(vi) Other Financial Assets	3,91,61,287	17,34,790	3,64,184
<b>Financial Liabilities</b>			
<b>At amortised cost</b>			
(i) Borrowings	43,72,05,196	43,07,31,238	35,01,75,995
(ii) Trade Payables	16,43,67,167	17,06,17,668	10,65,55,407
(iii) Other Financial Liabilities	43,95,325	74,43,600	1,00,95,578

\* Excludes financial assets measured at cost

Particulars	2017-18	2016-17
<b>17. REVENUE FROM OPERATIONS</b>		
Sale of Products :		
Sale of Goods - Export	194,16,63,103	165,81,70,911
Sale of Goods	84,39,76,315	26,81,12,915
Sale of Culling Birds, Litter & Egg Shell (Waste)	3,24,66,108	2,65,66,854
Sale of Declared Goods	25,61,493	16,39,548
<b>Total</b>	<b>282,06,67,019</b>	<b>195,44,90,228</b>
<b>18. OTHER INCOME</b>		
Interest Income	47,78,123	1,23,59,638
Subsidies	9,35,81,723	9,04,12,697
Exchange Fluctuation - Net	7,25,34,802	12,13,58,369
Profit on sale of Assets	42,969	3,42,857
Miscellaneous Income	5,49,044	2,23,140
<b>Total</b>	<b>17,14,86,661</b>	<b>22,46,96,701</b>

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**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

(in Rs.)

<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
<b>19. COST OF MATERIALS CONSUMED</b>		
Raw materials, additives, consumables, vaccines & medicines consumed:		
Opening Stock	4,91,02,242	5,85,16,787
Add: Purchased during the year	160,29,03,385	149,00,24,916
Less: Closing Stock	(4,47,16,044)	(4,91,02,242)
Raw materials, additives, consumables, vaccines & medicines consumed: (a)	160,72,89,583	149,94,39,461
<b>Packing materials consumed:</b>		
Opening Stock	24,80,795	31,64,039
Add: Purchased during the year	3,46,07,737	2,34,89,949
Less: Closing Stock	(84,13,390)	(24,80,795)
Packing materials consumed (b)	2,86,75,142	2,41,73,193
<b>Total (a + b)</b>	<b>163,59,64,725</b>	<b>152,36,12,654</b>
<b>20. PURCHASES OF STOCK-IN-TRADE</b>		
Purchase of Egg Powder & Feed Ingredients	62,01,21,327	15,51,14,936
<b>Total</b>	<b>62,01,21,327</b>	<b>15,51,14,936</b>
The above amount of purchases is inclusive of duties & taxes for which credit is not admissible		
<b>21. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
Opening Stock - Finished goods	38,63,45,945	28,88,03,611
Closing Stock - Finished goods	(26,99,69,763)	(38,63,45,945)
<b>(Increase)/Decrease in Stock</b>	<b>11,63,76,182</b>	<b>(9,75,42,334)</b>
<b>22. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries & Wages	10,50,09,793	10,76,74,066
Contribution to Provident & Other funds	70,13,263	73,59,862
Provision for Gratuity	10,51,162	114,45,808
Provision for Earned Leave	13,59,663	14,24,742
Welfare Expenses	68,23,240	54,32,628
<b>Total</b>	<b>12,12,57,121</b>	<b>13,33,37,106</b>
<b>Defined Contribution Plan:</b>		
<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
Employer's contribution to Provident Fund	26,73,477	27,63,319
Employer's contribution to Pension Scheme	37,47,238	38,87,295

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

#### Defined Benefit Plan:

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

(in Rs.)

Particulars	Gratuity (Funded)	
	31.03.2018	31.03.2017
Present Value of obligation at the beginning of the year	94,48,615	81,87,741
Current Service Cost	7,55,889	1,14,93,696
Interest Cost	9,41,704	6,55,019
Actuarial (gain) / loss	28,50,744	(1,06,96,794)
Benefits paid	(18,10,757)	(1,91,047)
Present Value of obligation at year end	<b>1,21,86,195</b>	<b>94,48,615</b>

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

Fair Value of plan assets as at beginning of the year	8,81,380	82
Expected return on plan assets	6,46,431	7,02,907
Contribution made	-	3,69,438
Benefits Paid	(18,10,757)	(1,91,047)
Actuarial gain / (loss) on the plan assets	-	-
Fair Value of plan assets as at year end	<b>(2,82,947)</b>	<b>8,81,380</b>

c. Reconciliation of Fair Value of Assets and Obligations

Present value of the obligation	1,21,86,195	94,48,615
Fair Value of plan assets	(2,82,947)	8,81,380
Funded Status (Surplus / (Deficit))	(1,24,69,142)	(85,67,235)
Net asset / (liability) recognized in the balance sheet	<b>(1,24,69,142)</b>	<b>(85,67,235)</b>

d. Expenses recognized during the year

Current Service Cost	7,55,889	1,14,93,696
Interest Cost	9,41,704	6,55,019
Expected return on plan assets	(6,46,431)	(7,02,907)
Actuarial (gain) / loss	28,50,744	(1,06,96,794)
Net Cost	<b>39,01,906</b>	<b>7,49,014</b>

e. Actual return on the plan assets:

Expected return on plan assets	6,46,431	7,02,907
Actuarial gain / loss on plan assets	-	-
Actual return on plan assets	6,46,431	7,02,907

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18****NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

f. Actuarial Assumptions:

(in Rs.)

Particulars	Gratuity (Funded)	
	31.03.2018	31.03.2017
Discount rate (Per annum)	8.00%	8.00%
Expected rate of return on Plan Assets (Per annum)	8.00%	8.00%
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.

**23. FINANCIAL COSTS**

(in Rs.)

	2017-18	2016-17
Working Capital Loan Interest	1,12,40,973	1,07,33,665
Bank Charges and Bill Discount Charges	1,19,28,499	1,09,72,830
Interest on Vehicle Loan	3,69,406	7,30,270
Interest Paid - Others	7,605	(4,11,070)
SBI- Term Loan Interest		2,69,00,000
<b>Total</b>	<b>2,35,46,483</b>	<b>4,89,25,695</b>

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

(in Rs.)

<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
<b>24. DEPRECIATION &amp; AMORTISATION</b>		
Depreciation on Property, plant & equipment	6,12,32,177	5,86,40,046
Amortisation of livestock - Birds	6,82,99,795	6,17,14,534
<b>Total</b>	<b>12,95,31,972</b>	<b>12,03,54,580</b>
<b>25. OTHER EXPENSES</b>		
Power & Fuel	12,12,27,262	11,17,51,923
Stores & Spares Consumption	3,11,55,105	2,55,53,929
Repairs & Maintenance		
a) Building	22,83,288	31,03,350
b) Plant & Machinery	91,91,776	59,47,539
c) Others	1,67,02,735	1,36,48,939
d) Vehicle - Fuel & Maintenance	1,56,78,237	1,42,56,216
Procurement expenses	68,07,045	1,01,34,535
Analysing Charges	12,26,371	16,97,884
Rates and Taxes, Registration and Renewal	28,70,258	63,17,321
Rent Expenses	27,75,007	38,73,439
Postage, Courier, Telephone & Internet Charges	18,55,892	21,59,437
Printing & Stationery	5,99,193	8,58,206
Insurance Premium	7,08,143	9,47,351
Advertisement and Publicity	30,19,518	9,82,602
Travelling Expenses	64,95,599	42,95,045
Foregin Travelling expenses	28,44,094	60,58,588
Professional Charges	77,80,914	47,47,685
Subscription	5,22,234	11,13,986
Miscellaneous Expenses	7,25,684	11,41,982
Audit Fees	6,00,000	7,71,775
Corporate Social Responsibility (CSR) Expenses	46,32,500	53,17,270
Donation	1,100	22,600
Annual General Meeting Expenses	2,19,430	5,05,427
Secretarial Expenses	4,13,009	6,92,103
Stock Exchange Listing Fee	7,66,837	6,90,267
Directors' Sitting Fee	26,000	28,000

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

(in Rs.)

Particulars	2017-18	2016-17
Sales Commission	7,11,221	1,36,83,400
Selling Expenses	1,24,22,100	1,07,04,346
Freight and Forwarding Charges	4,85,41,915	4,00,16,955
<b>Total</b>	<b>30,28,02,466</b>	<b>29,10,22,100</b>

Particulars	2017-18	2016-17
<b>25(i) Payment to Auditors as:</b>		
(a) Auditor		
Statutory Audit Fees	3,00,000	4,50,000
Tax Audit Fees	3,00,000	1,50,000
(b) Certification Services - Included in Professional charges	-	68,500
(c) For Appeal Representation and Others - Included in Prof charges	75,000	3,75,000
(d) Reimbursement of expenses	21,340	-
<b>Total</b>	<b>6,96,340</b>	<b>10,43,500</b>

**25(ii) Corporate Social Responsibility (CSR):**

(a) Gross amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the Company during the year is Rs.46,32,049/- (Previous year Rs.51.81 lakhs)

(b) Details of amount spent towards CSR is given below:

(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	46,32,500	53,17,270
<b>Total</b>	<b>46,32,500</b>	<b>53,17,270</b>

(c) Out of the above expenditure, Rs.46,20,000/- is spent through implementing agency - SKM Health and Mind Welfare Charitable Trust

<b>26. DEFERRED TAX</b>		
On account of variation of allowances for tax purpose in :		
Depreciation DTA / (DTL)	1,25,49,127	(1,85,92,962)
Provision for gratuity DTA / (DTL)	(11,75,469)	(13,63,612)
Business Losses DTA / (DTL)	41,30,863	14,91,372
<b>Total</b>	<b>1,55,04,521</b>	<b>(1,84,65,202)</b>
<b>27. EARNINGS PER SHARE</b>		
(i) Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs)	96,08,418	1,78,96,000

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18****NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

(in Rs.)

<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
(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)	0.36	0.68
(vi) Diluted Earnings per Share (Rs) (i) / (iv)	0.36	0.68
(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:

<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
Profit / (Loss) before tax	4,25,53,403	43,62,191
Applicable Tax Rate	33.06%	33.06%
Computed Tax expense	1,40,69,432	14,42,271
Income Tax effect of :		
Expenses disallowed for tax purposes	39,39,937	40,99,322
Allowances for tax purposes	(14,50,830)	(10,93,225)
Income exempt from tax	-	(17,064)
Income taxed at higher / (lower) rates	-	-
Others	(60,616)	40,36,770
Current tax provision (A)	<b>1,64,97,923</b>	<b>84,68,074</b>
Incremental Deferred Tax Liability on account of Tangible Assets	1,11,85,515	(1,97,93,514)
Incremental Deferred Tax Liability on account of Financial & Other Assets	41,30,863	14,91,372
Decremental Deferred Tax Asset on account of Other Assets	1,88,143	(1,63,060)
Deferred tax provision (B)	<b>1,55,04,521</b>	<b>(1,84,65,202)</b>
Tax Expenses recognised in Statement of Profit & Loss	<b>3,20,02,444</b>	<b>(99,97,128)</b>

**29. APPROVAL OF FINANCIAL STATEMENTS:**

The Financial Statements were approved for issue by the board of directors at their meeting held on 28.05.2018

**30. SEGMENT INFORMATION:**

The Company has one reportable operating segment which is the manufacture of Egg Products. Accordingly, as required by Ind AS 108 - 'Operating Segments', the following secondary segment information is disclosed as follows:

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18****NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018****SECONDARY SEGMENT INFORMATION:**

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

(in Rs.)

<b>Particulars</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
<b>1. Segment Revenue - External Turnover</b>		
(a) Within India	87,90,03,916	29,63,19,317
(b) Outside India:		
(i) Japan	65,61,59,884	63,38,81,942
(ii) Russia	44,22,56,360	31,59,47,921
(iii) Europe	21,42,43,381	7,41,51,681
(iv) Rest of the World	62,90,03,478	63,41,89,367
<b>Total</b>	<b>282,06,67,019</b>	<b>195,44,90,228</b>
<b>2. Non-Current Assets</b>		
(a) Within India	68,28,16,502	66,79,27,398
(b) Outside India - Europe	8,32,779	8,32,779
<b>Total</b>	<b>68,36,49,281</b>	<b>66,87,60,177</b>

The company has one customer individually accounted for more than 10% of the total revenue amounting to approximately Rs.66 crores for the year 2017-18 and Rs.63 crores for the year 2016-17 respectively.



## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### 31. 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) Key Management Personnel	SKM Shree Shivkumar
	Sri.SKM Maeilanandhan
	K.S.Venkatachalapathy
	P.Sekar
(iii) Other Related Parties	SKM Animal Feeds and Foods India Private Limited
	SKM Siddha and Ayurvedha Company India Private Limited
	SKM Universal Marketing Company India Private Ltd

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

##### (i) Subsidiary

(a) SKM Europe BV, Utrecht, The Netherlands	Foreign subsidiary company in which the company holds 85% voting power
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##### (ii) Key Management Personnel

(a) SKM Shree Shivkumar	Managing Director
(b) Sri.SKM Maeilanandhan	Whole time Director
(c) K.S.Venkatachalapathy	Chief Financial Officer
(d) P.Sekar	Company Secretary

##### (iii) Other Related Parties

(a) SKM Animal Feeds and Foods India Private Limited	Entity over which Key Management Personnel have significant influence
(b) SKM Siddha and Ayurvedha Company India Private Limited	Entity over which Key Management Personnel have significant influence
(c) SKM Universal Marketing Company India Private Limited	Entity over which Key Management Personnel have significant influence

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### (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 2017-18 & 2016-17 :

Particulars	Subsidiary	Key Management Personnel	Other Related Parties
	2017-18	2017-18	2017-18
(i) Purchase of goods	-	-	118,84,22,088
(ii) Purchase of Electricity	-	-	2,24,71,730
(iii) Rent paid	-	3,16,210	-
(iv) Remuneration paid	-	1,01,49,264	-
(v) Sale of goods	21,42,43,411	-	10,41,30,126
(vi) Rent Income	-	-	1,53,225
	2016-17	2016-17	2016-17
(i) Purchase of goods	-	-	108,68,27,721
(ii) Purchase of Electricity	-	-	2,80,82,590
(iii) Rent paid	-	1,87,097	-
(iv) Remuneration paid	-	98,38,749	-
(v) Sale of goods	9,78,59,036	-	7,79,54,782
(vi) Rent Income	-	-	50,250

(c-ii) The company has the following balances outstanding as of March 31, 2018 and March 31, 2017

Particulars	Subsidiary	Key Management Personnel	Other Related Parties
	31.03.2018	31.03.2018	31.03.2018
(i) Trade receivables	-	-	81,06,636
(ii) Trade payables	-	-	9,46,63,341
(iii) Investments	8,32,779	-	1,18,45,572
(iv) Loans & Advances	-	-	-
	31.03.2017	31.03.2017	31.03.2017
(i) Trade receivables	61,89,800	-	24,91,107
(ii) Trade payables	-	-	7,36,18,746
(iii) Investments	8,32,779	-	1,18,45,572
(iv) Loans & Advances	-	-	-

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### (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, 2018 and March 31, 2017

Particulars	Relationship	2017-18	2016-17
1) Purchase of goods			
(a) SKM Siddha and Ayurvedha Company India Private Limited	Other Related Party	4,45,891	4,94,229
(b) SKM Universal Marketing Company India Private Limited	Other Related Party	118,79,76,197	108,63,33,492
2) Purchase of Electricity			
(a) SKM Universal Marketing Company India Private Limited	Other Related Party	2,24,71,730	2,80,82,590
3) Rent paid			
(a) SKM Shree Shivkumar	Key Management Personnel	3,16,210	1,87,097
4) Remuneration paid			
(a) SKM Shree Shivkumar	Key Management Personnel	43,60,634	40,58,093
(b) Sri.SK M Maeilanandhan	Key Management Personnel	30,54,928	30,75,003
(c) K.S.Venkatachalapathy	Key Management Personnel	22,58,639	22,26,710
(d) P.Sekar	Key Management Personnel	4,75,063	4,78,943
5) Sale of goods			
(a) SKM Europe BV,Utrecht,The Netherlands	Subsidiary	21,42,43,411	9,78,59,036
(b) SKM Animal Feeds and Foods India Private Limited	Other Related Party	19,14,892	15,37,387
(c) SKM Universal Marketing Company India Private Limited	Other Related Party	10,22,15,234	7,64,17,395
6) Rent Income			
(a) SKM Universal Marketing Company India Private Limited	Other Related Party	1,53,225	50,250

The following are the significant related party balances outstanding as of March 31, 2018 and March 31, 2017

Particulars	Relationship	31.03.2018	31.03.2017
<b>1) Trade receivables</b>			
(a) SKM Europe BV,Utrecht,The Netherlands	Subsidiary		61,84,800
(b) SKM Universal Marketing Company India Private Limited	Other Related Party	81,06,636	24,91,107
<b>2) Trade payables</b>			
(a) SKM Universal Marketing Company India Private Limited	Other Related Party	9,45,68,040	7,34,96,209
(b) SKM Siddha and Ayurvedha Company India Private Limited	Other Related Party	95,301	1,22,537

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

Particulars	Relationship	As at 31.03.2018	As at 31.03.2017
<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	Other Related Party	1,18,45,572	1,18,45,572

### (e) Compensation of Key Management Personnel

Particulars	2017-18	2016-17
(i) Short-term employee benefits	90,54,312	88,09,257
(ii) Post-employment benefits *	10,94,952	10,29,492
(iii) Other long-term benefits	-	-
(iv) Termination benefits	-	-
(v) Share-based payment	-	-
<b>Total</b>	<b>101,49,264</b>	<b>98,38,749</b>

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

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### 32(i) 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.

(in Rs.)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
(i) Borrowings:			
Euro	5,68,49,222	3,10,09,704	10,43,21,640
USD	38,03,55,974	39,97,21,537	24,58,53,722
(ii) Trade & other payables - USD	41,57,748	59,77,479	1,65,57,226
(iii) Trade & other receivables - USD	(10,52,05,974)	(7,36,52,426)	(11,52,12,309)
<b>Net Exposure (i + ii - iii)</b>	<b>33,61,56,971</b>	<b>36,30,56,294</b>	<b>25,15,20,279</b>

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

Particulars	As at 31.03.2018		
	USD	Euro	Total
<b>1% Depreciation in INR</b>			
Impact on equity	-	-	-
Impact on P & L	(27,93,077)	(5,68,492)	(33,61,570)
Total	(27,93,077)	(5,68,492)	(33,61,570)
<b>1% Appreciation in INR</b>			
Impact on equity	-	-	-
Impact on P & L	27,93,077	5,68,492	33,61,570
Total	27,93,077	5,68,492	33,61,570
Particulars	As at 31.03.2017		
	USD	Euro	Total
<b>1% Depreciation in INR</b>			
Impact on equity	-	-	-
Impact on P & L	(33,20,466)	(3,10,097)	(36,30,563)
Total	(33,20,466)	(3,10,097)	(36,30,563)

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

<b>1% Appreciation in INR</b>			
Impact on equity	-	-	-
Impact on P & L	33,20,466	3,10,097	36,30,563
Total	33,20,466	3,10,097	36,30,563

Particulars	As at 01.04.2016 (in Rs.)		
	USD	Euro	Total
<b>1% Depreciation in INR</b>			
Impact on equity	-	-	-
Impact on P & L	(13,06,414)	(10,43,216)	(23,49,631)
Total	(13,06,414)	(10,43,216)	(23,49,631)

<b>1% Appreciation in INR</b>			
Impact on equity	-	-	-
Impact on P & L	13,06,414	10,43,216	23,49,631
Total	13,06,414	10,43,216	23,49,631

### 32(ii) 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 1.10% (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 50 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  
(in Rs.)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
(i) Borrowings - Short term			
Borrowings in Euro	5,68,49,222	3,10,09,704	10,43,21,640
Borrowings in USD	38,03,55,974	39,97,21,537	24,58,53,722
Borrowings in INR - Current maturity of Long Term loan	10,89,303	40,95,485	38,41,600
(ii) Borrowings - Long term			
Borrowings in INR	34,635	10,89,303	51,84,122
<b>Net Exposure</b>	<b>43,83,29,134</b>	<b>43,59,16,029</b>	<b>35,92,01,084</b>

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

Impact on interest expenses for the year on 1% change in interest rates (in Rs.)

Particulars	2017- 18	2016-17
<b>Up Move</b>		
Impact on equity	-	-
Impact on P & L	(32,92,554)	(40,67,028)
Total	(32,92,554)	(40,67,028)
<b>Down Move</b>		
Impact on equity	-	-
Impact on P & L	32,92,554	40,67,028
Total	32,92,554	40,67,028

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.

**32(iii) 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.

**32(iv) 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.

**32(v) 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.19.99 crores as on 31st March 2018) & (Rs.17.11 crores as on 31st March 2017) and maintaining availability of standby funding through an adequate line up of committed credit facilities (Rs.43.72 crores as on 31st March 2018) & (Rs.43.07 crores as on 31st March 2017).

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**  
**Balance Sheet of Subsidiary SKM Europe BV as at 31st March 2018**

(in Rs.)

Particulars	31.03.2018	31.03.2017	01.04.2016
<b>I.ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Property, Plant & Equipments	1,76,567	2,45,131	-
<b>(2) Current Assets</b>			
(a) Inventories	7,59,62,940	5,74,75,854	11,13,24,318
(b) Financial Assets			
(i) Trade receivables	11,10,57,769	6,52,12,056	8,95,68,415
(ii) Cash and cash equivalents	1,51,64,568	19,62,487	2,11,38,870
(iii) Loans	27,42,928	23,99,845	1,79,541
(c) Other current assets	18,33,994	9,50,562	10,16,177
<b>Total Assets</b>	<b>20,69,38,766</b>	<b>12,82,45,935</b>	<b>22,32,27,321</b>
<b>I. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	9,79,740	9,79,740	9,79,740
(b) Other Equity	2,85,42,831	2,76,86,132	3,08,10,532
<b>Liabilities</b>			
<b>(1) Non-Current Liabilities</b>			
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	-	55,04,931	-
(ii) Trade Payables	17,67,68,263	9,34,40,554	17,91,91,848
(b) Other Current Liabilities	-	-	12,98,850
(c) Provisions	6,47,932	6,34,579	1,09,46,350
<b>Total Equity &amp; Liabilities</b>	<b>20,69,38,766</b>	<b>12,82,45,935</b>	<b>22,32,27,321</b>

As per our report of even date

**FOR AND ON BEHALF OF THE BOARD**

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

**SKM MAEILANANDHAN**  
Executive Chairman  
& Whole Time Director  
(DIN : 00002380)

**SKM SHREE SHIVKUMAR**  
Managing Director  
(DIN : 00002384)

**PLACE : Erode**  
**DATE : 28.05.2018**

**K.S.VENKATACHALAPATHY**B.Com.,F.C.A.  
Chief Financial Officer  
Membership No.029064

**P.SEKAR** M.Com.,ACS.,  
Company Secretary  
Membership No.A36565



## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

Statement of Profit and Loss Account of Subsidiary SKM Europe BV for the year ended 31st March 2018

(in Rs.)

Particulars	2017-18	2016-17
Revenue from operations	56,97,29,868	46,51,27,536
Other Income	2,10,412	87,78,311
<b>Total Income</b>	<b>56,99,40,280</b>	<b>47,39,05,847</b>
<b>Expenses:</b>		
Cost of materials consumed	-	-
Purchase of Stock-in-Trade	51,45,87,730	42,82,63,633
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(98,75,638)	33,74,184
Employee Benefit Expense	-	-
Financial Costs	13,76,841	11,19,302
Depreciation and Amortization Expense	68,564	50,799
Other Expenses	6,03,51,022	4,30,65,911
<b>Total Expenses</b>	<b>56,65,08,518</b>	<b>47,58,73,828</b>
<b>Profit before tax</b>	<b>34,31,762</b>	<b>(19,67,981)</b>
<b>Tax expense:</b>		
Current tax	-	-
Deferred tax	-	-
<b>Profit/(Loss) for the Year</b>	<b>34,31,762</b>	<b>(19,67,981)</b>
<b>Other Comprehensive Income</b>		
(i) Items that will not be reclassified to Statement of Profit and loss	(25,75,063)	(11,56,419)
(ii) Items that will be reclassified to Statement of Profit and loss	-	-
<b>Total Comprehensive Income for the year</b>	<b>8,56,699</b>	<b>(31,24,400)</b>
Earning per equity share of face value Rs.10 each		
Basic (in Rs)	190.65	(109.33)
Diluted (in Rs)	190.65	(109.33)

As per our report of even date

FOR AND ON BEHALF OF THE BOARD

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

**SKM MAEILANANDHAN**  
Executive Chairman  
& Whole Time Director  
(DIN : 00002380)

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**DATE : 28.05.2018**

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Company Secretary  
Membership No. A36565

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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### **INDEPENDENT AUDITOR'S REPORT**

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

##### **Report on the Consolidated Ind AS Financial Statements**

We have audited the accompanying Consolidated Ind AS Financial Statements of M/s. **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED** (hereinafter referred to as "the Holding Company" and its subsidiary SKM Europe BV, Utrecht, The Netherlands (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended , and a summary of the significant accounting policies and other explanatory information. (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

##### **Management's Responsibility for the Consolidated Ind AS Financial Statements:**

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

##### **Auditor's Responsibility:**

Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

### **Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2018; and their consolidated Profit including other comprehensive income and their consolidated Cash flows and the consolidated changes in equity for the year ended on that date.

### **Other Matter**

We did not audit the financial statements / financial information of 1 subsidiary whose financial statements / financial information reflect total assets of Rs.20,15,30,702/- as at 31st March, 2018, total revenues of Rs.35,56,96,868/- and net cash inflows amounting to Rs.1,44,42,253/- for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. The Consolidated Ind AS Financial Statements also include the Group's share of net profit of Rs.29,16,998/- for the year ended 31st March, 2018, as considered in the Consolidated Ind AS 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 and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

Our opinion on the Consolidated Ind AS Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the financial statements / financial information certified by the Management.

### **Report on Other Legal and Regulatory Requirements:**

- i. 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 Ind AS Financial Statements.
  - b) In our opinion proper books of account as required by law relating to the preparation of aforesaid consolidated Ind AS 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 Ind AS Financial Statements.
  - d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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- e) On the basis of written representations received from the directors of the company as on March 31, 2018 taken on record by the Board of Directors of the company, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act except the Director Shri.B.Ramakrishnan bearing Director Identification Number (DIN:00182214).
- 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 and as the subsidiary is a company incorporated outside India and has business operations outside India, the company is not a company under the Companies Act, 2013 and hence the reporting on Internal Financial Controls over Financial Reporting on Consolidated Financial Statements is not warranted.
- g) 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 Ind AS 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 except for a sum of Rs.12.12 lakhs, which are held in abeyance due to pending legal cases.

**N.PRASANNA VENKATESAN**

CHARTERED ACCOUNTANT

Membership No.235530

Date : 28.05.2018

Place : Erode

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**

Consolidated Balance Sheet as at 31st March 2018

CIN : L01222TZ1995PLC006025

Particulars	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>I. Assets</b>				
<b>(1) Non-current assets</b>				
(a) Property, Plant and Equipment	3(a)	63,99,79,511	61,08,90,348	66,26,86,006
(b) Capital work-in-progress	3(b)	1,49,78,649	2,68,25,330	1,40,05,234
(c) Financial Assets				
(i) Investments	4(a)	1,18,45,572	1,18,45,572	1,18,45,572
(ii) Loans	4(b)	1,61,89,337	1,86,11,279	1,66,88,605
<b>(2) Current assets</b>				
(a) Inventories	5	47,07,22,223	58,07,37,960	53,97,62,285
(b) Financial Assets				
(i) Trade receivables	6(a)	27,25,47,164	19,90,51,229	16,63,58,605
(ii) Cash and cash equivalents	6(b)	21,50,67,462	17,30,67,619	18,87,57,850
(iii) Bank balances other than (ii) above	6(c)	20,66,104	21,08,197	50,13,460
(iv) Loans	6(d)	1,64,82,351	1,70,64,656	1,19,42,965
(v) Other Financial Assets	6(e)	3,91,61,287	17,34,790	3,64,184
(c) Other current assets	7	11,18,60,546	8,24,10,525	7,08,86,660
<b>Total Assets</b>		<b>181,09,00,204</b>	<b>172,43,47,505</b>	<b>168,83,11,426</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share capital	8(a)	26,33,00,000	26,33,00,000	26,33,00,000
(b) Other Equity	8(b)	65,91,51,240	65,07,22,830	62,83,22,457
<b>LIABILITIES</b>				
<b>(1) Non-current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	9	34,635	10,89,303	51,84,122
(b) Provisions	10	78,18,073	44,85,210	34,69,000
(c) Deferred tax liabilities (Net)	11	7,66,95,931	6,11,91,410	7,96,56,612
(d) Minority Interest	12	44,28,386	42,99,882	47,68,542
<b>(2) Current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	13(a)	43,72,05,196	43,62,36,169	35,01,75,995
(ii) Trade payables	13(b)	34,11,35,431	25,28,55,963	22,47,60,561
(iii) Other Financial Liabilities	13(c)	43,95,325	74,43,600	100,95,578
(b) Other current liabilities	14	74,31,270	2,58,11,686	6,60,04,921
(c) Provisions	15	93,04,717	1,69,11,453	5,25,73,638
<b>Total Equity and Liabilities</b>		<b>181,09,00,204</b>	<b>172,43,47,505</b>	<b>168,83,11,426</b>

As per our report of even date

**FOR AND ON BEHALF OF THE BOARD**

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

**SKM MAEILANANDHAN**  
Executive Chairman  
& Whole Time Director  
(DIN : 00002380)

**SKM SHREE SHIVKUMAR**  
Managing Director  
(DIN : 00002384)

**PLACE : Erode**  
**DATE : 28.05.2018**

**K.S.VENKATACHALAPATHY**B.Com.,F.C.A.  
Chief Financial Officer  
Membership No.029064

**P.SEKAR** M.Com.,ACS.,  
Company Secretary  
Membership No.A36565

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### SKM EGG PRODUCTS EXPORT (INDIA) LIMITED.

Consolidated Statement of Profit & Loss for the period ended 31st March 2018

CIN : L01222TZ1995PLC006025

(in Rs.)

Particulars	Note No.	2017-18	2016-17
Revenue from operations	18	317,61,53,475	232,17,58,728
Other Income	19	17,16,97,073	23,34,75,012
<b>Total Income</b>		<b>334,78,50,548</b>	<b>255,52,33,739</b>
<b>EXPENSES</b>			
Cost of materials consumed	20	163,59,64,725	152,36,12,654
Purchases of Stock-in-Trade	21	92,04,65,646	48,55,19,533
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	22	10,65,00,544	(9,41,68,150)
Employee benefits expense	23	12,12,57,121	13,33,37,106
Finance costs	24	2,49,23,323	5,00,44,997
Depreciation and amortization expense	25	12,96,00,536	12,04,05,379
Other expenses	26	36,31,53,487	33,40,88,012
<b>Total Expenses</b>		<b>330,18,65,382</b>	<b>255,28,39,530</b>
<b>Profit/(loss) before tax</b>		<b>4,59,85,166</b>	<b>23,94,210</b>
Tax expense:			
(1) Current tax		1,74,40,464	49,31,393
(2) Deferred tax	27	1,55,04,521	(1,84,65,202)
<b>Profit/(Loss) for the Year</b>		<b>1,30,40,180</b>	<b>1,59,28,019</b>
<b>Other Comprehensive Income</b>			
(i) Items that will not be reclassified to Statement of Profit and loss		(54,25,807)	95,40,375
(ii) Income tax relating to items that will not be reclassified to Statement of Profit and loss		(9,42,541)	35,36,681
(iii) Items that will be reclassified to Statement of Profit and loss		-	-
(iv) Income tax relating to items that will be reclassified to Statement of Profit and loss		-	-

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

Particulars	Note No.	As at 31.03.2018	As at 31.03.2017
<b>Total Comprehensive Income for the year</b>		<b>85,56,914</b>	<b>2,19,31,712</b>
Net Profit attributable to :			
(i) Owners of the Company		1,25,25,415	1,62,23,216
(ii) Non controlling Interest		5,14,764	(2,95,197)
Other Comprehensive Income attributable to :			
(i) Owners of the Company		(40,97,006)	61,77,156
(ii) Non controlling Interest		(3,86,259)	(1,73,463)
Total Comprehensive Income attributable to :			
(i) Owners of the Company		84,28,410	2,24,00,373
(ii) Non controlling Interest		1,28,505	(4,68,660)
<b>Earning per equity share of face value Rs.10 each</b>	28		
Basic (in Rs.)		0.50	0.60
Diluted (in Rs.)		0.50	0.60

As per our report of even date

**FOR AND ON BEHALF OF THE BOARD**

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

**SKM MAEILANANDHAN**  
Executive Chairman  
& Whole Time Director  
(DIN : 00002380)

**SKM SHREE SHIVKUMAR**  
Managing Director  
(DIN : 00002384)

**PLACE : Erode**  
**DATE : 28.05.2018**

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**P.SEKAR** M.Com., ACS.,  
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Membership No.A36565

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**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, 2017)</b>	<b>Changes in equity share capital during the year 2017-18</b>	<b>Balance at the end of the reporting period (i.e. 31st March, 2018)</b>
26,33,00,000	-	26,33,00,000
<b>Balance at the beginning of the reporting period (i.e. 1st April, 2016)</b>	<b>Changes in equity share capital during the year 2016-17</b>	<b>Balance at the end of the reporting period (i.e. 31st March, 2017)</b>
26,33,00,000	-	26,33,00,000

**B. Other Equity  
As on 31st March 2018**

<b>Particulars</b>	<b>Reserves &amp; Surplus</b>				<b>Total</b>
	<b>Securities Premium</b>	<b>General Reserve</b>	<b>Retained Earnings</b>	<b>Other Comprehensive Income</b>	
Balance at the beginning of the reporting period (i.e. 1st April, 2017)	4,00,692	4,32,812	65,12,49,378	(13,60,052)	65,07,22,830
Total Comprehensive Income for the year	-	-	1,25,25,415	(40,97,006)	84,28,410
Dividends	-	-	-	-	-
Tax on dividends	-	-	-	-	-
Balance at the end of the reporting period (i.e. 31st March, 2018)	4,00,692	4,32,812	66,37,74,793	(54,57,057)	65,91,51,239



## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

As on 31st March 2017

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, 2016)	4,00,692	4,32,812	63,50,26,161	(75,37,208)	62,83,22,457
Total Comprehensive Income for the year	-	-	1,62,23,216	61,77,156	2,24,00,373
Dividends	-	-	-	-	-
Tax on dividends	-	-	-	-	-
Balance at the end of the reporting period (i.e. 31st March, 2017)	4,00,692	4,32,812	65,12,49,378	(13,60,052)	65,07,22,830

As per our report of even date

FOR AND ON BEHALF OF THE BOARD

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

**SKM MAEILANANDHAN**  
Executive Chairman  
& Whole Time Director  
(DIN : 00002380)

**SKM SHREE SHIVKUMAR**  
Managing Director  
(DIN : 00002384)

PLACE : Erode  
DATE : 28.05.2018

**K.S.VENKATACHALAPATHY** B.Com., F.C.A.  
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**P.SEKAR** M.Com., ACS.,  
Company Secretary  
Membership No.A36565

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**

**Consolidated Cash flow statement for the period from 1st April, 2017 to 31st March, 2018**

<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit Before Tax as per Statement of Profit and Loss	4,59,85,166	23,94,210
Adjusted for:		
Depreciation	6,13,00,741	5,86,90,845
Financial Cost	2,49,23,323	5,00,44,997
(Profit) / Loss on Sale of Assets	(42,969)	(3,42,857)
Interest income	(47,78,123)	(1,23,59,638)
<b>Operating profit before Working capital changes</b>	<b>12,73,88,138</b>	<b>9,84,27,557</b>
Adjusted for:		
Trade & Other Receivables	(13,73,68,206)	(5,26,31,460)
Inventories	11,00,15,738	(4,09,75,675)
Trade & Other Payables	5,80,93,639	(4,33,92,091)
<b>Cash Generated from Operations</b>	<b>15,81,29,309</b>	<b>(3,85,71,670)</b>
Taxes Paid (Net)	(1,74,40,464)	(49,31,393)
<b>Net Cash from / (used in) Operating Activities - A</b>	<b>14,06,88,844</b>	<b>(4,35,03,063)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(7,85,43,223)	(1,97,15,283)
Sale of Fixed Assets	42,969	3,42,857
Interest income	47,78,123	1,23,59,638
<b>Net Cash from / (used in) Investing Activities - B</b>	<b>(7,37,22,131)</b>	<b>(70,12,788)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Repayment of Long Term Borrowings	(10,54,668)	(40,94,819)
Financial Cost	(2,49,23,323)	(5,00,44,997)
<b>Net Cash Flow from / (used in) Financing Activities - C</b>	<b>(2,59,77,992)</b>	<b>(5,41,39,816)</b>
Net Increase / (Decrease) in Cash and Cash equivalents	4,09,88,721	(10,46,55,666)
Opening Cash & Cash Equivalents	(26,10,60,352)	(15,64,04,685)
Closing Cash & Cash Equivalents	(22,00,71,631)	(26,10,60,352)

As per our report of even date

**FOR AND ON BEHALF OF THE BOARD**

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

**SKM MAEILANANDHAN**  
Executive Chairman  
& Whole Time Director  
(DIN : 00002380)

**SKM SHREE SHIVKUMAR**  
Managing Director  
(DIN : 00002384)

**PLACE : Erode**  
**DATE : 28.05.2018**

**K.S.VENKATACHALAPATHY** B.Com., F.C.A.  
Chief Financial Officer  
Membership No.029064

**P.SEKAR** M.Com., ACS.,  
Company Secretary  
Membership No. A36565

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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### **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**

#### **Notes to the Consolidated Financial Statements for the year ended 31st March ' 2018**

##### **01. CORPORATE INFORMATION**

SKM Egg Products Export India Limited ("*the company*") is an Export Oriented Undertaking and engaged in the manufacture and sale of Egg Products. The company is a listed entity incorporated and domiciled in India.

The address of its registered office is No.185, Chennimalai Road, 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

##### **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

The financial statements of the company have been prepared to comply with the Indian Accounting Standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.

Upto the year ended March 31, 2017, the Company has prepared its financial statements in accordance with the requirement of Indian Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 and considered as 'Previous GAAP'.

These financial statements are the Company's first Ind AS standalone financial statements

###### **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      | FIFO                  |
| ii) Packing Materials | Weighted Average Cost |
| iii) Additives        | Weighted Average Cost |
| iv) Stores & Spares   | Weighted Average Cost |

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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v) Semi-finished goods	FIFO
vi) Finished goods	Standard Cost
vii) Livestock	Weighted Average Cost. The Carrying amount of the unamortised value of livestock in the financial statement is a close approximation of its fair value and hence in the best judgement of the management taking into consideration market and materiality factors it represents the fair value for 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.

### **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.

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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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.

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**

Leases are classified as finance leases whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in Statement of Profit and Loss, unless they are directly attributable to the qualifying assets, in which case they are capitalized. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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### **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.

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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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.

### **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.

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### **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:**

Though there is no impairment of assets during the year, the Company generally follows, 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.

### **FIRST TIME ADOPTION OF IND AS**

The Company has adopted Ind AS with effect from 1st April 2017 with comparable being restated and accordingly the company has prepared its first Financial Statements in accordance with Ind AS for the year ended 31 March 2018. For periods up to and including the year ended 31 March 2017, the company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). The effective date for Company's Ind AS opening balance sheet is 1 April 2016 (the date of transition to Ind AS).

The accounting policies set out above have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in preparation of an opening Ind AS Balance Sheet as at 1 April 2016 (the Company's date of transition). According to Ind AS 101, the first Ind AS financial statements must use recognition and measurement principles that are based on standards and interpretations that are effective as at 31 March 2018, the date of first time preparation of financial statements according to Ind AS. These accounting principles and measurement principles must be applied retrospectively to the date of transition to Ind AS and for all periods presented within the first Ind AS financial statements.



## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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### **Exemptions and exceptions availed**

In the Ind AS opening balance sheet as at 1st April 2016, the carrying amounts of assets and liabilities from the Indian GAAP as at 31st March 2016 are generally recognized and measured according to Ind AS in effect as on 31 March 2018. For certain individual cases, however, Ind AS 101 provides for optional exemptions and mandatory exceptions to the general principles of retrospective application of Ind AS.

### **Optional exemptions availed**

#### **(a) Property, plant and equipment**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for decommissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 - Intangible Assets. Accordingly, the company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

### **Mandatory exemptions**

#### **(a) Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Accordingly company has classified and measured all its financial assets at amortised cost on the basis of the facts and circumstances that exist at the date of transition to ind AS.

#### **(b) Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

### **Notes to first time adoption**

#### **(i) Other Comprehensive Income**

Under Indian GAAP, the company has not presented other comprehensive income (OCI) separately. Items that have been reclassified from statement of profit and loss to other comprehensive income. Income income re-measurement of defined benefit plans (net of tax). An amount of Rs.71,60,113/- is being reclassified from Profit or Loss to Other Comprehensive Income during year 2016-17.

#### **(ii) Statement of cash flows**

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows except that the Cash Credit facility which was not netted off with the balance of cash and cash equivalents under erstwhile GAAP in the cash flow statement. But the Cash Credit facility is netted off with the balance of cash and cash equivalents under Statement of Cash flows under Ind AS.

There are no other adjustments to the amounts recognized as per Ind AS other than re-measurement of defined benefit obligations recognized on OCI. Hence, reconciliation statement required as per Para 24 of Ind AS 101 is not warranted.

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### 02. CONTINGENT LIABILITIES & COMMITMENTS:

Particulars	As at 31.03.2018	As at 31.03.2017
(a) Claims against the company / disputed liabilities not acknowledged as debts:		
i) Income Tax Liability	2,25,20,850	3,95,63,320
ii) Service Tax Liability	99,42,628	44,37,840
iii) Excise Duty Liability	5,96,640	11,41,510
(b) Other money for which the Company is contingently liable:		
i) Liability in respect of bills discounted with banks	12,42,72,431	12,05,51,611

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.

There are Income Tax Demands to the tune of of Rs.2,25,20,850/- for the Assessment year 2014-2015 (Net of Payments being 20% of the tax demand payable on appeal) which is on account of denial of the benefit of brought forward losses under the MAT Provisions of the Income Tax Act 1961. Based on the decisions of Appellate Authorities / interpretations of other relevant provisions, the company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made for the balance amount of tax liability. Success in the appeal will result in the company receiving the refund of the tax paid and the result to the contrary would still benefit the company in availing a credit for Rs.1.90 crores out of the above tax demand under the MAT provisions, in the subsequent years and hence this constitutes a contingent asset.

The company was successful in the matter relating to the appeals filed for the Assessment year 2012-2013 which has the impact of restoring the brought forward losses to the tune of Rs.2.07 Crores.

The carried forward losses under the Income Tax Act,1961 of the earlier assessment year A.Y.2013-14 has been reduced by the Assessing Officer while completing the assessment by making some adjustments to the returned Loss. The Company has preferred appeals before the immediate superior authority which appeals are pending for disposal as on the date of the financial reports. Since the adjustments have resulted only in the reduction of carry forward losses, there is no immediate demand raised for the relevant assessment years. The tax impact could not be immediately ascertained since it hinges upon the outcome of the appeals concerning the other assessment years.

During the year, on the outcome of the ITAT verdict on the issue concerning section 10B of the Income Tax Act 1961, the company's entire tax liability for the Assessment years 2008-2009 and 2009-2010 to the extent of Rs. 3,28,67,800/- and Rs.3,02,73,520/- respectively got nullified by way of adjustment of refunds for the earlier assessment years and by way of payment of the balance amount. Hence the company has no liability for the above mentioned two assessment years. However the company, since denied the benefit because of the wrong interpretation of the department of the order of the Commissioner of Income Tax, CBE made under section 264 of the Income Tax Act 1961, had again preferred an appeal before the First Appellate Authority being the Commissioner of Income Tax, Appeals Coimbatore, which appeals are pending before the same Authority. The success in the appeals would result in the company receiving the refunds of taxes paid for the above mentioned two assessment years and also it will enable the company to enjoy the benefits, fully or partially, of tax credits available under the MAT provisions in the subsequent years. The company is confident of coming out successful in the appeals. Due to uncertainty in the outcome of the appeals for other years preferred by the Income Tax Department and the Company on other issues, the resulting exact benefit cannot be immediately quantified.

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**3. Consolidated - Property, Plant and Equipment**

(in Rs.)

S. No.	Particulars	Gross Block			Depreciation			Net Block		
		01.04.2017	Addition during the year	Deduction during the year	31.03.2018	01.04.2017	for the year	Deduction / Adjustment during the year	31.03.2018	01.04.2017
(a)	<b>Tangible Assets</b>									
	(Not under lease)									
	Land	3,58,09,230	-	-	3,58,09,230	-	-	-	3,58,09,230	3,58,09,230
	Building	40,66,88,496	2,64,52,676	-	43,31,41,172	13,91,98,365	1,36,48,994	-	15,28,47,359	26,74,90,131
	Plant & Machinery	71,67,45,635	4,08,38,048	-	75,75,83,683	46,67,67,624	3,53,31,073	-	50,20,98,697	24,99,78,011
	Electrical Installation and equipments	7,29,70,386	6,71,310	-	7,36,41,696	6,59,96,473	16,79,699	-	6,76,76,172	69,73,913
	Lab Equipment	3,82,80,094	40,700	-	3,83,20,794	1,87,32,865	23,78,152	-	2,11,11,017	1,95,47,229
	Office Equipment	1,45,48,565	17,03,568	-	1,62,52,133	97,80,757	15,62,054	-	1,13,42,811	47,67,808
	Computers	1,28,85,642	1,73,43,743	-	3,02,29,385	1,17,62,857	26,39,856	-	1,44,02,713	11,22,785
	Furniture & Fixtures	95,97,328	4,22,201	-	1,00,19,529	60,87,759	4,10,752	-	64,98,511	35,09,569
Motor Vehicles	4,45,21,875	29,17,657	6,63,062	4,67,76,470	2,28,30,203	36,50,168	6,63,070	2,58,17,301	2,16,91,672	
	<b>SUB TOTAL (a)</b>	<b>135,20,47,251</b>	<b>9,03,89,904</b>	<b>6,63,062</b>	<b>144,17,74,092</b>	<b>74,11,56,903</b>	<b>6,13,00,749</b>	<b>80,17,94,582</b>	<b>63,99,79,511</b>	<b>61,08,90,348</b>
(b)	<b>Capital Work-in-progress</b>									
		2,68,25,330	7,17,89,035	8,36,35,716	1,49,78,649	-	-	-	-	2,68,25,330
	<b>SUB TOTAL (b)</b>	<b>2,68,25,330</b>	<b>7,17,89,035</b>	<b>8,36,35,716</b>	<b>1,49,78,649</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,49,78,649</b>	<b>2,68,25,330</b>
	<b>Total (a+b) (Current Year)</b>	<b>137,88,72,581</b>	<b>16,21,78,938</b>	<b>8,42,98,778</b>	<b>145,67,52,741</b>	<b>74,11,56,903</b>	<b>6,13,00,749</b>	<b>80,17,94,582</b>	<b>65,49,58,159</b>	<b>63,77,15,678</b>
	(Previous Year)	136,09,46,483	2,12,74,600	33,48,502	137,88,72,581	68,42,55,243	5,86,90,845	17,89,185	63,77,15,678	67,66,91,240

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

(in Rs.)

S. No.	Particulars	Gross Block			Depreciation			Net Block		
		01.04.2016	Addition during the year	Deduction during the year	31.03.2017	01.04.2016	for the year	Deduction during the year	31.03.2017	01.04.2016
<b>(a)</b>	<b>Tangible Assets</b>									
	(Not under lease)									
	Land	3,58,09,230	-	-	3,58,09,230	-	-	-	3,58,09,230	3,58,09,230
	Building	40,62,82,644	4,05,852	-	40,66,88,496	1,33,68,309	-	13,91,98,365	26,74,90,131	28,04,52,588
	Plant & Machinery	71,53,36,466	14,09,169	-	71,67,45,635	3,37,15,297	-	46,67,67,624	24,99,78,011	28,22,84,138
	Electrical Installation and equipments	7,08,55,616	21,14,771	-	7,29,70,387	20,59,469	-	6,59,96,473	69,73,914	69,18,612
	Lab Equipment	3,80,76,394	2,03,700	-	3,82,80,094	1,61,17,373	-	1,87,32,865	1,95,47,229	2,19,59,021
	Office Equipment	1,31,06,791	14,41,774	-	1,45,48,565	80,06,037	-	97,80,757	47,67,808	51,00,754
	Computers	1,26,33,492	2,52,150	-	1,28,85,642	11,37,463	-	1,17,62,857	11,22,785	20,08,098
	Furniture & Fixtures	94,90,637	1,06,691	-	95,97,328	4,50,596	-	60,87,759	35,09,569	38,53,474
	Motor Vehicles	4,53,49,980	9,61,080	17,89,185	4,45,21,875	35,69,499	17,89,185	2,28,30,203	2,16,91,672	2,43,00,091
	<b>SUB TOTAL (a)</b>	<b>134,69,41,249</b>	<b>68,95,187</b>	<b>17,89,185</b>	<b>135,20,47,251</b>	<b>5,86,90,845</b>	<b>17,89,185</b>	<b>74,11,56,903</b>	<b>61,08,90,348</b>	<b>66,26,86,006</b>
<b>(b)</b>	<b>Capital Work-in-progress</b>									
		1,40,05,234	1,43,79,413	15,59,317	2,68,25,330	-	-	-	2,68,25,330	1,40,05,234
	<b>SUB TOTAL (b)</b>	<b>1,40,05,234</b>	<b>1,43,79,413</b>	<b>15,59,317</b>	<b>2,68,25,330</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,68,25,330</b>	<b>1,40,05,234</b>
	<b>Total (a+b) (Current Year)</b>	<b>136,09,46,483</b>	<b>2,12,74,600</b>	<b>33,48,502</b>	<b>137,88,72,581</b>	<b>5,86,90,845</b>	<b>17,89,185</b>	<b>74,11,56,903</b>	<b>63,77,15,678</b>	<b>67,66,91,240</b>
	<b>(Previous Year)</b>	<b>131,07,83,276</b>	<b>13,70,76,153</b>	<b>8,69,12,946</b>	<b>136,09,46,483</b>	<b>5,91,39,810</b>	<b>89,77,713</b>	<b>68,42,55,243</b>	<b>67,66,91,240</b>	<b>67,66,90,130</b>

## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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### **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, 2018 and 2017 as the recoverable value of the CGUs exceeded the carrying value. Further, none of the CGU's tested for impairment as of March 31, 2018 and 2017 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:**

The fixed assets are under the second charge for short term borrowings with banks.

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

(in Rs.)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>04(a) INVESTMENTS</b>			
<b>Investment measured at amortised cost:</b>			
In equity shares of other company:			
SKM Universal Marketing Company India Private Limited Equity Shares of 789700 @ Rs.10/-each	1,18,45,572	1,18,45,572	1,18,45,572
Aggregate amount of quoted investments	-	-	-
Aggregate amount of unquoted investments	1,18,45,572	1,18,45,572	1,18,45,572
Investment measured at amortised cost	1,18,45,572	1,18,45,572	1,18,45,572
<b>Total</b>	<b>1,18,45,572</b>	<b>1,18,45,572</b>	<b>1,18,45,572</b>

Though the company SKM Egg Products Export India Limited holds not less than 20% of voting power in the company SKM Universal Marketing Company India Private Limited, the same have not been treated as an associate for the reason that the investments in the said company is being held as per the Tamilnadu Electricity Board Rules for the purpose of purchasing electricity from the said company and hence does not constitute significant influence.

Furthermore, as per the Companies Act,2013, the company SKM Universal Marketing Company India Private Limited is not an **associate** for the year, as the % of shareholding in the total share capital of the company is less than 20% of the total share capital, though the company holds not less than than 20% of voting power in the company SKM Universal Marketing Company India Private Limited.

<b>04(b) LOANS (UNSECURED AND CONSIDERED GOOD)</b>			
Deposits	1,38,24,501	1,23,87,323	1,12,61,646
Advances Recoverable	23,64,836	62,23,956	54,26,959
<b>Total</b>	<b>1,61,89,337</b>	<b>1,86,11,279</b>	<b>1,66,88,605</b>
<b>05. INVENTORIES</b>			
Raw Material	2,71,17,046	3,91,94,805	4,36,08,119
Finished Goods	32,97,36,912	43,62,37,456	34,20,69,305
Finished Goods - Goods in transit (Europe BV)	1,61,95,791	75,84,343	5,80,58,624
Stores and spares, additives and consumables & packing materials	5,50,26,688	3,74,64,882	4,23,06,769
Livestock - Birds	4,26,45,786	6,02,56,474	5,37,19,468
<b>Total</b>	<b>47,07,22,223</b>	<b>58,07,37,960</b>	<b>53,97,62,285</b>
<b>06(a) TRADE RECEIVABLES</b>			
<b>Unsecured &amp; Considered Good</b>			
Sundry Debtors	27,25,47,164	19,90,51,229	16,63,58,605
<b>Total</b>	<b>27,25,47,164</b>	<b>19,90,51,229</b>	<b>16,63,58,605</b>

Trade receivables are netted with Bill discounting of Rs.12,42,72,431/- (Previous year Rs.12,05,51,611)

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

(in Rs.)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>06(b) CASH AND CASH EQUIVALENTS</b>			
Balances with banks			
Current Accounts	4,70,19,805	4,19,16,299	4,65,26,415
Demand deposits	16,72,70,400	13,01,71,908	14,14,94,778
Cash on hand	7,77,257	9,79,412	7,36,657
Sub Total	21,50,67,462	17,30,67,619	18,87,57,850
<b>06(c) BANK BALANCES OTHER THAN ABOVE</b>			
Balances with banks - Unclaimed dividend			
Current Accounts	20,66,104	21,08,197	50,13,460
Sub Total	20,66,104	21,08,197	50,13,460
<b>Total</b>	<b>21,71,33,566</b>	<b>17,51,75,816</b>	<b>19,37,71,310</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 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.

Cash and Cash equivalents consists of the following for the purpose of cash flow statement:

Cash and Cash equivalents	21,71,33,566	17,51,75,816	19,37,71,310
Bank Overdrafts	(43,72,05,196)	(43,62,36,169)	(35,01,75,995)
<b>Total</b>	<b>(22,00,71,630)</b>	<b>(26,10,60,352)</b>	<b>(15,64,04,685)</b>
<b>06(d) LOANS (UNSECURED AND CONSIDERED GOOD) - CURRENT</b>			
Staff Advances	1,04,950	54,475	1,44,452
Trade Advances	84,30,904	90,61,441	61,66,036
Prepaid Expenses	52,03,569	57,12,319	56,32,477
VAT Recivables	27,42,928	22,36,420	
<b>Total</b>	<b>1,64,82,351</b>	<b>1,70,64,656</b>	<b>1,19,42,965</b>
<b>06(e) OTHER FINANCIAL ASSETS - CURRENT</b>			
Subsidies receivable & Income accrued on deposits	3,91,61,287	17,34,790	3,64,184
<b>Total</b>	<b>3,91,61,287</b>	<b>17,34,790</b>	<b>3,64,184</b>
<b>07. OTHER CURRENT ASSETS</b>			
MAT Credit Entitlement & Tax refund receivables	10,69,23,287	6,78,63,254	6,80,57,983
Others	49,37,259	145,47,271	28,28,677
<b>Total</b>	<b>11,18,60,546</b>	<b>8,24,10,525</b>	<b>7,08,86,660</b>

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

(in Rs.)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>08(a) EQUITY SHARE CAPITAL</b>			
<i>Authorised Capital:</i>			
3,00,00,000 Equity Shares of Rs. 10/- Each	30,00,00,000	30,00,00,000	30,00,00,000
<i>Issued, Subscribed &amp; Paid-up:</i>			
263,30,000 Equity Shares of Rs.10/- each fully paid-up	26,33,00,000	26,33,00,000	26,33,00,000
<b>Total</b>	<b>26,33,00,000</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	2,63,30,000
Changes during the year	-	-	-
At the end of the year	2,63,30,000	2,63,30,000	2,63,30,000
<b>Details of shareholders holding more than 5% shares:</b>			
Name of the Share Holders			
SKM SHREE SHIVKUMAR			
Face value of the Equity Shares	11,99,16,720	11,98,16,720	11,98,16,720
No of Equity Shares Held as on Balance sheet dt.	1,19,91,672	1,19,81,672	1,19,81,672
% of Holdings	45.54%	45.51%	45.51%
TAMILNADU INDUSTRIAL DEVELOPMENTCORPLTD			
Face value of the Equity Shares	1,99,58,000	1,99,58,000	1,99,58,000
No of Equity Shares Held as on Balance sheet dt.	19,95,800	19,95,800	19,95,800
% of Holdings	7.58%	7.58%	7.58%
Total No of Equity Shares	2,63,30,000	2,63,30,000	2,63,30,000
Face value of Equity shares	10	10	10
<b>08(b) OTHER EQUITY</b>			
Share Premium Account :			
Opening Balance	4,00,692	4,00,692	4,00,692
Add : Current year transfer			
less: Written back			
Closing Balance	4,00,692	4,00,692	4,00,692



**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

(in Rs.)

<b>Particulars</b>	<b>As at 31.03.2018</b>	<b>As at 31.03.2017</b>	<b>As at 01.04.2016</b>
General Reserve:			
Opening Balance (Revenue Reserve)	4,32,812	4,32,812	4,32,812
Add : Current year transfer			
less: Written back			
<b>Closing Balance</b>	<b>4,32,812</b>	<b>4,32,812</b>	<b>4,32,812</b>
Profit & Loss Account:			
Opening Balance	65,12,49,378	63,50,26,161	42,14,95,459
Add: Current Year Balance after appropriation	1,25,25,415	1,62,23,216	24,52,51,683
Less: Interim Dividend	-	-	(2,63,30,000)
Less: Dividend Distribution Tax	-	-	(53,90,981)
<b>Closing Balance</b>	<b>66,37,74,793</b>	<b>65,12,49,377</b>	<b>63,50,26,161</b>
Other Comprehensive Income:			
Opening balance	(13,60,052)	(75,37,208)	
Movement in OCI during the year	(40,97,006)	61,77,156	(75,37,208)
Closing balance	(54,57,057)	(13,60,052)	(75,37,208)
<b>Total</b>	<b>65,91,51,240</b>	<b>65,07,22,830</b>	<b>62,83,22,457</b>
<b>09. BORROWINGS - NON CURRENT</b>			
Secured - At amortised cost			
Term Loan - Others			
i) Kotak Mahindra ( Vehicle Loan )	34,635	10,89,303	51,84,122
<b>Total</b>	<b>34,635</b>	<b>10,89,303</b>	<b>51,84,122</b>
<b>10. PROVISIONS - NON CURRENT</b>			
<i>Provision for Employee Benefits</i>			
a) Earned Leave Encashment Payable	35,55,239	41,24,283	34,69,000
b) Net Gratuity obligation	42,62,834	3,60,927	-
<b>Total</b>	<b>78,18,073</b>	<b>44,85,210</b>	<b>34,69,000</b>
<b>11. Deferred Tax Liability(Net)</b>			
At the start of the year	6,11,91,410	7,96,56,612	9,70,01,209
Charge / (credit) to Statement of Profit & Loss	1,55,04,521	(1,84,65,202)	(1,73,44,597)
At the end of the year	7,66,95,931	6,11,91,410	7,96,56,612
Deferred Tax (Assets) / Liabilities in relation to:			
Property, plant and equipment	8,21,37,944	7,09,52,429	9,07,45,943
Provisions	(11,75,469)	(13,63,612)	(12,00,552)
Carry Forward Losses	(42,66,544)	(83,97,407)	(98,88,779)
<b>Total</b>	<b>7,66,95,931</b>	<b>6,11,91,410</b>	<b>7,96,56,612</b>

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

(in Rs.)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>12. MINORITY INTEREST</b>			
<b>Share Capital</b>	1,46,961	1,46,961	1,46,961
Retained Earnings:			
Opening Balance	56,56,479	59,51,676	26,42,017
Current year Profit/Loss transfer	5,14,764	(2,95,197)	33,09,659
<b>Closing Balance</b>	61,71,243	56,56,479	59,51,676
Other Comprehensive Income:			
Opening balance	(15,03,558)	(13,30,096)	
Movement in OCI during the year	(3,86,259)	(1,73,463)	(13,30,096)
<b>Closing balance</b>	(18,89,818)	(15,03,558)	(13,30,096)
<b>Total</b>	<b>44,28,386</b>	<b>42,99,882</b>	<b>47,68,542</b>
<b>13(a) BORROWINGS - CURRENT</b>			
Secured - At amortised cost			
Working Capital Loans			
From Banks			
Foreign Currency Loans	43,72,05,196	43,62,36,169	35,01,75,995
<b>Total</b>	<b>43,72,05,196</b>	<b>43,62,36,169</b>	<b>35,01,75,995</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 *	29,94,67,741	23,55,18,342	22,92,71,849
Creditors For Expenses & Others	4,16,67,690	1,73,37,621	(45,11,288)
<b>Total</b>	<b>34,11,35,431</b>	<b>25,28,55,963</b>	<b>22,47,60,561</b>

The company has not received any intimation from the suppliers regarding status under the Micro, Small and Medium enterprises development Act, 2006 (The Act) and hence disclosure regarding:

- i) Amount due and outstanding to suppliers as at the end of the accounting year.
- ii) Interest paid during the year.
- iii) Interest payable at the end of the accounting year.
- iv) Interest accrued and unpaid at the end of the accounting year, have not been provided.

The company is making efforts to get the confirmations from the suppliers as regards their status under the Act.

\*(The Disclosure requirement under Micro, Small and Medium Enterprises Development Act 2006 has not been made since the company has requested for the details from the parties and which are yet to be received on the date of signing of this Financial Report).

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

(in Rs.)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>13(c) OTHER FINANCIAL LIABILITIES - CURRENT</b>			
Current Maturities of Long Term Debt			
(I) From Others			
Kotak Mahindra ( Vehicle Loan )	10,89,303	40,95,485	38,41,600
Unclaimed Dividends	33,06,022	33,48,115	62,53,978
<b>Total</b>	<b>43,95,325</b>	<b>74,43,600</b>	<b>100,95,578</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.12.12 lakhs (Previous year 12.12 lakhs), which amount was discharged by the company subsequently in April, 2018.

<b>14. OTHER CURRENT LIABILITIES</b>			
Advances from customers	93,831	1,91,31,127	21,42,796
Statutory Dues	68,31,803	60,16,553	3,83,18,161
Other payables	5,05,636	6,64,006	2,55,43,963
<b>Total</b>	<b>74,31,270</b>	<b>258,11,686</b>	<b>660,04,921</b>

Other payables include other current liabilities of Russian branch & Rent advance received

<b>15. PROVISIONS</b>			
Provisions for Employee Benefits			
Bonus Payable	58,86,000	62,44,000	60,35,000
Other Provisions	34,18,717	1,06,67,453	3,63,26,129
Provision for Bad Debts	-	-	1,02,12,509
<b>Total</b>	<b>93,04,717</b>	<b>1,69,11,453</b>	<b>5,25,73,638</b>

#### 16. CAPITAL MANAGEMENT - ADDITIONAL CAPITAL DISCLOSURES:

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

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

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

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

(in Rs.)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>The capital structure of the company is as follows:</b>			
Total Equity (A)	92,24,51,240	91,40,22,830	89,16,22,457
% Change 2017-18	0.92%	NA	NA
% Change 2016-17	NA	2.51%	NA
Current Loans and borrowings	43,82,94,499	44,03,31,653	35,40,17,595
Non-current loans and borrowings	34,635	10,89,303	51,84,122
Total loans and borrowings (B)	43,83,29,134	44,14,20,957	35,92,01,717
% Change 2017-18	-0.70%	NA	NA
% Change 2016-17	NA	22.89%	NA
Loans & borrowings as a percentage of total equity	47.52%	48.29%	40.29%
<b>Total Capital (A) + (B)</b>	<b>136,07,80,374</b>	<b>135,54,43,787</b>	<b>125,08,24,174</b>
% Change 2017-18	0.39%	NA	NA
% Change 2016-17	NA	8.36%	NA

#### 17. FINANCIAL INSTRUMENTS:

##### 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)

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

(in Rs.)

<b>Particulars</b>	<b>As at 31.03.2018</b>	<b>As at 31.03.2017</b>	<b>As at 01.04.2016</b>
<b>Financial Assets</b>			
<b>At amortised cost</b>			
(i) Trade receivables	27,25,47,164	19,90,51,229	16,63,58,605
(ii) Cash and cash equivalents	21,50,67,462	17,30,67,619	8,87,57,850
(iii) Bank balances other than (ii) above	20,66,104	21,08,197	50,13,460
(iv) Loans	3,26,71,688	3,56,75,935	2,86,31,571
(v) Investments*	1,18,45,572	1,18,45,572	1,18,45,572
(vi) Other Financial Assets	3,91,61,287	17,34,790	3,64,184
<b>Financial Liabilities</b>			
<b>At amortised cost</b>			
(i) Borrowings	43,72,05,196	43,62,36,169	35,01,75,995
(ii) Trade Payables	34,11,35,431	25,28,55,963	22,47,60,561
(iii) Other Financial Liabilities	43,95,325	74,43,600	1,00,95,578

\* Excludes financial assets measured at cost

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

(in Rs.)

<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
<b>18. REVENUE FROM OPERATIONS</b>		
Sale of Products :		
Sale of Goods - Export	229,71,49,559	202,54,39,411
Sale of Goods	84,39,76,315	26,81,12,915
Sale of Culling Birds, Litter & Egg Shell (Waste)	3,24,66,108	2,65,66,854
Sale of Declared Goods	25,61,493	16,39,548
<b>Total</b>	<b>317,61,53,475</b>	<b>232,17,58,728</b>
<b>19. OTHER INCOME</b>		
Interest Income	47,78,123	1,23,59,638
Subsidies	9,35,81,723	9,04,12,697
Exchange Fluctuation - Net	7,27,45,214	12,06,05,505
Profit on sale of Assets	42,969	3,42,857
Miscellaneous Income	5,49,044	2,23,140
Reversal of bad debts previously written off	-	95,31,175
<b>Total</b>	<b>17,16,97,073</b>	<b>23,34,75,012</b>
<b>20. COST OF MATERIALS CONSUMED</b>		
Raw materials, additives, consumables, vaccines & medicines consumed:		
Opening Stock	4,91,02,242	5,85,16,787
Add: Purchased during the year	160,29,03,385	149,00,24,916
Less: Closing Stock	(4,47,16,044)	(4,91,02,242)
Raw materials, additives, consumables, vaccines & medicines consumed: (a)	160,72,89,583	149,94,39,461
<b>Packing materials consumed:</b>		
Opening Stock	24,80,795	31,64,039
Add: Purchased during the year	3,46,07,737	2,34,89,949
Less: Closing Stock	(84,13,390)	(24,80,795)
Packing materials consumed (b)	2,86,75,142	2,41,73,193
<b>Total (a + b)</b>	<b>163,59,64,725</b>	<b>152,36,12,654</b>
<b>21. PURCHASES OF STOCK-IN-TRADE</b>		
Purchase of Egg Powder & Feed Ingredients	92,03,90,998	48,53,30,258
Packing Materials (SKM Europe BV)	74,648	1,89,275
<b>Total</b>	<b>92,04,65,646</b>	<b>48,55,19,533</b>

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

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

(in Rs.)

Particulars	2017-18	2016-17
<b>22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
Opening Stock - Finished goods	43,62,37,456	37,74,24,565
Closing Stock - Finished goods	(32,97,36,912)	(47,15,92,716)
<b>(Increase)/Decrease in Stock</b>	<b>10,65,00,544</b>	<b>(9,41,68,150)</b>
<b>23. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries & Wages	10,50,09,793	10,76,74,066
Contribution to Provident & Other funds	70,13,263	73,59,862
Provision for Gratuity	10,51,162	114,45,808
Provision for Earned Leave	13,59,663	14,24,742
Welfare Expenses	68,23,240	54,32,628
<b>Total</b>	<b>12,12,57,121</b>	<b>13,33,37,106</b>

**Defined Contribution Plan:**

Employer's contribution to Provident Fund	26,73,477	27,63,319
Employer's contribution to Pension Scheme	37,47,238	38,87,295

**Defined Benefit Plan:**

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

Particulars	Gratuity (Funded)	
	31-03-2018	31-03-2017
Present Value of obligation at the beginning of the year	94,48,615	81,87,741
Current Service Cost	7,55,889	1,14,93,696
Interest Cost	9,41,704	6,55,019
Actuarial (gain) / loss	28,50,744	(1,06,96,794)
Benefits paid	(18,10,757)	(1,91,047)
Present Value of obligation at year end	<b>1,21,86,195</b>	<b>94,48,615</b>

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

Particulars	Gratuity (Funded)	
	31-03-2018	31-03-2017
Fair Value of plan assets as at beginning of the year	8,81,380	82
Expected return on plan assets	6,46,431	7,02,907
Contribution made	-	3,69,438
Benefits Paid	(18,10,757)	(1,91,047)
Actuarial gain / (loss) on the plan assets	-	-
Fair Value of plan assets as at year end	<b>(2,82,947)</b>	<b>8,81,380</b>

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

c. Reconciliation of Fair Value of Assets and Obligations (in Rs.)

Particulars	Gratuity (Funded)	
	31.03.2018	31.03.2017
Present value of the obligation	1,21,86,195	94,48,615
Fair Value of plan assets	(2,82,947)	8,81,380
Funded Status (Surplus / (Deficit))	(1,24,69,142)	(85,67,235)
Net asset / (liability) recognized in the balance sheet	<b>(1,24,69,142)</b>	<b>(85,67,235)</b>

d. Expenses recognized during the year

Particulars	Gratuity (Funded)	
	31-03-2018	31-03-2017
Current Service Cost	7,55,889	1,14,93,696
Interest Cost	9,41,704	6,55,019
Expected return on plan assets	(6,46,431)	(7,02,907)
Actuarial (gain) / loss	28,50,744	(1,06,96,794)
Net Cost	<b>39,01,906</b>	<b>7,49,014</b>

e. Actual return on the plan assets:

Particulars	Gratuity (Funded)	
	31-03-2018	31-03-2017
Expected return on plan assets	6,46,431	7,02,907
Actuarial gain / loss on plan assets	-	-
Actual return on plan assets	6,46,431	7,02,907

f. Actuarial Assumptions:

Particulars	Gratuity (Funded)	
	31-03-2018	31-03-2017
Discount rate (Per annum)	8.00%	8.00%
Expected rate of return on Plan Assets (Per annum)	8.00%	8.00%
Rate of escalation in salary (Per annum)	6.50%	6.50%



## **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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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.

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**  
(in Rs.)

<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
<b>24. FINANCIAL COSTS</b>		
Working Capital Loan Interest	1,12,40,973	1,07,33,665
Bank Charges and Bill Discount Charges	1,33,05,339	1,20,92,132
Interest on Vehicle Loan	3,69,406	7,30,270
Interest Paid - Others	7,605	(4,11,070)
SBI- Term Loan Interest	-	2,69,00,000
<b>Total</b>	<b>2,49,23,323</b>	<b>5,00,44,997</b>
<b>25. DEPRECIATION &amp; AMORTISATION</b>		
Depreciation on Property, plant & equipment	6,13,00,741	5,86,90,845
Amortisation of livestock - Birds	6,82,99,795	6,17,14,534
<b>Total</b>	<b>12,96,00,536</b>	<b>12,04,05,379</b>
<b>26. OTHER EXPENSES</b>		
Power & Fuel	12,12,27,262	11,17,51,923
Stores & Spares Consumption	3,11,55,105	2,55,53,929
Repairs & Maintenance		
a) Building	22,83,288	31,03,350
b) Plant & Machinery	91,91,776	59,47,539
c) Others	1,67,02,735	1,36,48,939
d) Vehicle - Fuel & Maintenance	1,56,78,237	1,42,56,216
Procurement expenses	1,34,74,183	1,75,62,265
Analysing Charges	12,26,371	16,97,884
Rates and Taxes, Registration and Renewal	28,70,258	63,17,321
Rent Expenses	27,75,007	38,73,439
Postage, Courier, Telephone & Internet Charges	23,04,224	25,42,897
Printing & Stationery	5,99,193	8,58,206
Insurance Premium	9,55,082	15,15,827
Advertisement and Publicity	30,52,817	9,82,602
Travelling Expenses	69,22,787	48,18,302
Foregin Travelling expenses	28,44,094	60,58,588
Professional Charges	83,39,833	52,18,179
Subscription	7,65,294	14,34,039
Miscellaneous Expenses	14,12,198	13,17,567

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

(in Rs.)

<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
Audit Fees	9,20,960	10,19,385
Corporate Social Responsibility (CSR) Expenses	46,32,500	53,17,270
Donation	1,100	22,600
Annual General Meeting Expenses	2,19,430	5,05,427
Secretarial Expenses	4,13,009	6,92,103
Stock Exchange Listing Fee	7,66,837	6,90,267
Directors' Sitting Fee	26,000	28,000
Sales Commission	3,65,28,225	3,23,99,831
Selling Expenses	1,24,31,514	1,07,04,346
Freight and Forwarding Charges	6,28,51,975	5,42,49,769
Provision for Bad Debts	5,82,193	-
<b>Total</b>	<b>36,31,53,487</b>	<b>33,40,88,012</b>
<b>26(i) Payment to Auditors as:</b>		
(a) Auditor		
Statutory Audit Fees	3,00,000	4,50,000
Tax Audit Fees	3,00,000	1,50,000
(b) Certification Services - Included in Professional charges	-	68,500
(c) For Appeal Representation and Others - Included in Prof charges	75,000	3,75,000
(d) Reimbursement of expenses	21,340	-
<b>Total</b>	<b>6,96,340</b>	<b>10,43,500</b>

**26(ii) Corporate Social Responsibility (CSR):**

(a) Gross amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the Company during the year is Rs.46,32,049/- (Previous year Rs.51.81 lakhs)

(b) Details of amount spent towards CSR is given below:

<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	46,32,500	53,17,270
<b>Total</b>	<b>46,32,500</b>	<b>53,17,270</b>

(c) Out of the above expenditure, Rs.46,20,000/- is spent through implementing agency - SKM Health and Mind Welfare Charitable Trust

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

(in Rs.)

Particulars	As at 31.03.2018	As at 31.03.2017
<b>27. DEFERRED TAX</b>		
On account of variation of allowances for tax purpose in :		
Depreciation DTA / (DTL)	1,25,49,127	(1,85,92,962)
Provision for gratuity DTA / (DTL)	(11,75,469)	(13,63,612)
Business Losses DTA / (DTL)	41,30,863	14,91,372
<b>Total</b>	<b>1,55,04,521</b>	<b>(1,84,65,202)</b>

Particulars	As at 31.03.2018	As at 31.03.2017
<b>28. EARNINGS PER SHARE</b>		
(i) Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs)	1,30,40,180	1,59,28,019
(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
<b>(v) Basic Earnings per Share (Rs) (i) / (ii)</b>	<b>0.50</b>	<b>0.60</b>
<b>(vi) Diluted Earnings per Share (Rs) (i) / (iv)</b>	<b>0.50</b>	<b>0.60</b>
(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. APPROVAL OF FINANCIAL STATEMENTS:

The Financial Statements were approved for issue by the board of directors at their meeting held on 28.05.2018

#### 31. SEGMENT INFORMATION:

The Company has one reportable operating segment which is the manufacture of Egg Products. Accordingly, as required by Ind AS 108 - 'Operating Segments', the following secondary segment information is disclosed as follows:

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

#### 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	31-03-2018	31-03-2017
<b>1. Segment Revenue - External Turnover</b>		
(a) India	87,90,03,916	29,63,19,317
(b) Europe	56,97,29,868	46,51,27,536
(c) Russia	44,22,56,360	31,59,47,921
(d) Japan	65,61,59,884	63,38,81,942
(d) Rest of the World	62,90,03,447	61,04,82,012
<b>Total</b>	<b>317,61,53,475</b>	<b>232,17,58,728</b>
<b>2. Non-Current Assets</b>		
(a) Within India	68,28,16,502	66,79,27,398
(b) Outside India - Europe	1,76,567	2,45,131
<b>Total</b>	<b>68,29,93,068</b>	<b>66,81,72,529</b>

The company's group has one customer individually accounted for more than 10% of the total revenue amounting to approximately Rs.66 crores for the year 2017-18 and Rs.63 crores for the year 2016-17 respectively.

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### 32. 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) Key Management Personnel	SKM Shree Shivkumar
	Sri.SKM Maeilanandhan
	K.S.Venkatachalapathy
	P.Sekar
(ii) Other Related Parties	SKM Animal Feeds and Foods India Private Limited
	SKM Siddha and Ayurvedha Company India Private Limited
	SKM Universal Marketing Company India Private Ltd

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

##### (i) Key Management Personnel

(a) SKM Shree Shivkumar	Managing Director
(b) Sri.SKM Maeilanandhan	Whole time Director
(c) K.S.Venkatachalapathy	Chief Financial Officer
(d) P.Sekar	Company Secretary

##### (ii) Other Related Parties

(a) SKM Animal Feeds and Foods India Private Limited	Entity over which Key Management Personnel have significant influence
(b) SKM Siddha and Ayurvedha Company India Private Limited	Entity over which Key Management Personnel have significant influence
(c) SKM Universal Marketing Company India Private Ltd	Entity over which Key Management Personnel have significant influence

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### (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 2017-18 & 2016-17 :

Particulars	Key Management Personnel	Other Related Parties
	2017-18	2017-18
(i) Purchase of goods	-	118,84,22,088
(ii) Purchase of Electricity	-	2,24,71,730
(iii) Rent paid	3,16,210	-
(iv) Remuneration paid	1,01,49,264	-
(v) Sale of goods	-	10,41,30,126
(vi) Rent Income	-	1,53,225

Particulars	Key Management Personnel	Other Related Parties
	2016-17	2016-17
(i) Purchase of goods	-	108,68,27,721
(ii) Purchase of Electricity	-	2,80,82,590
(iii) Rent paid	1,87,097	-
(iv) Remuneration paid	98,38,749	-
(v) Sale of goods	-	7,79,54,782
(vi) Rent Income	-	50,250

(c-ii) The company has the following balances outstanding as of March 31, 2018 and March 31, 2017 :

Particulars	Key Management Personnel	Other Related Parties
	As at 31.03.2018	As at 31.03.2018
(i) Trade receivables	-	81,06,636
(ii) Trade payables	-	9,46,63,341
(iii) Investments	-	1,18,45,572
(iv) Loans & Advances	-	-

Particulars	Key Management Personnel	Other Related Parties
	As at 31.03.2017	As at 31.03.2017
(i) Trade receivables	-	24,91,107
(ii) Trade payables	-	7,36,18,746
(iii) Investments	-	1,18,45,572
(iv) Loans & Advances	-	-

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### (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, 2018 and March 31, 2017

Particulars	Relationship	2017-18	2016-17
1) Purchase of goods			
(a) SKM Siddha and Ayurvedha Company India Private Limited	Other Related Party	4,45,891	4,94,229
(b) SKM Universal Marketing Company India Private Limited	Other Related Party	118,79,76,197	108,63,33,492
2) Purchase of Electricity			
(a) SKM Universal Marketing Company India Private Limited	Other Related Party	2,24,71,730	2,80,82,590
3) Rent paid			
(a) SKM Shree Shivkumar	Key Management Personnel	3,16,210	1,87,097
4) Remuneration paid			
(a) SKM Shree Shivkumar	Key Management Personnel	43,60,634	40,58,093
(b) Sri.SKM Maeilanandhan	Key Management Personnel	30,54,928	30,75,003
(c) K.S.Venkatachalapathy	Key Management Personnel	22,58,639	22,26,710
(d) P.Sekar	Key Management Personnel	4,75,063	4,78,943
5) Sale of goods			
(a) SKM Animal Feeds and Foods India Private Limited	Other Related Party	19,14,892	15,37,387
(b) SKM Universal Marketing Company India Private Limited	Other Related Party	10,22,15,234	7,64,17,395
6) Rent Income			
(a) SKM Universal Marketing Company India Private Limited	Other Related Party	1,53,225	50,250



## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

The following are the significant related party balances outstanding as of March 31, 2018 and March 31, 2017

Particulars	Relationship	As at 31.03.2018	As at 31.03.2017
<b>1) Trade receivables</b>			
(a) SKM Universal Marketing Company India Private Limited	Other Related Party	81,06,636	24,91,107
<b>2) Trade payables</b>			
(a) SKM Universal Marketing Company India Private Limited	Other Related Party	9,45,68,040	7,34,96,209
(b) SKM Siddha and Ayurvedha Company India Private Limited	Other Related Party	95,301	1,22,537
<b>3) Investments</b>			
(a) SKM Universal Marketing Company India Private Limited	Other Related Party	1,18,45,572	1,18,45,572

### (e) Compensation of Key Management Personnel

Particulars	2017-18	2016-17
(i) Short-term employee benefits	90,54,312	88,09,257
(ii) Post-employment benefits *	10,94,952	10,29,492
(iii) Other long-term benefits		
(iv) Termination benefits		
(v) Share-based payment		
<b>Total</b>	<b>1,01,49,264</b>	<b>98,38,749</b>

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

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

### 33(i) Foreign currency risk:

The company is essentially an Export Oriented Unit 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.

(in Rs.)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
(i) Borrowings:			
Euro	5,68,49,222	3,10,09,704	10,43,21,640
USD	38,03,55,974	39,97,21,537	24,58,53,722
(ii) Trade & other payables - USD	41,57,748	59,77,479	1,65,57,226
(iii) Trade & other receivables - USD	(10,52,05,974)	(7,36,52,426)	(11,52,12,309)
<b>Net Exposure (i + ii - iii)</b>	<b>33,61,56,971</b>	<b>36,30,56,294</b>	<b>25,15,20,279</b>

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

As at 31.03.2018 (in Rs.)			
Particulars	USD	Euro	Total
<b>1% Depreciation in INR</b>			
Impact on equity	-	-	-
Impact on P & L	(27,93,077)	(5,68,492)	(33,61,570)
Total	(27,93,077)	(5,68,492)	(33,61,570)
<b>1% Appreciation in INR</b>			
Impact on equity	-	-	-
Impact on P & L	27,93,077	5,68,492	33,61,570
Total	27,93,077	5,68,492	33,61,570

Particulars	As at 31.03.2017 (in Rs.)		
	USD	Euro	Total
<b>1% Depreciation in INR</b>			
Impact on equity	-	-	-
Impact on P & L	(33,20,466)	(3,10,097)	(36,30,563)
Total	(33,20,466)	(3,10,097)	(36,30,563)

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

Particulars	As at 31.03.2017 (in Rs.)		
	USD	Euro	Total
<b>1% Appreciation in INR</b>			
Impact on equity	-	-	-
Impact on P & L	33,20,466	3,10,097	36,30,563
Total	33,20,466	3,10,097	36,30,563

Particulars	As at 01.04.2016 (in Rs.)		
	USD	Euro	Total
<b>1% Depreciation in INR</b>			
Impact on equity	-	-	-
Impact on P & L	(13,06,414)	(10,43,216)	(23,49,631)
Total	(13,06,414)	(10,43,216)	(23,49,631)
<b>1% Appreciation in INR</b>			
Impact on equity	-	-	-
Impact on P & L	13,06,414	10,43,216	23,49,631
Total	13,06,414	10,43,216	23,49,631

### 33(ii) 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 1.10% (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 50 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

## SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
(i) Borrowings - Short term			
Borrowings in Euro	5,68,49,222	3,10,09,704	10,43,21,640
Borrowings in USD	38,03,55,974	39,97,21,537	24,58,53,722
Borrowings in INR - Current maturity of Long Term loan	10,89,303	40,95,485	38,41,600
(ii) Borrowings - Long term			
Borrowings in INR	34,635	10,89,303	51,84,122
<b>Net Exposure</b>	<b>43,83,29,134</b>	<b>43,59,16,029</b>	<b>35,92,01,084</b>

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

Particulars	2017-18	2016-17
<b>Up Move</b>		
Impact on equity	-	-
Impact on P & L	(32,92,554)	(40,67,028)
Total	(32,92,554)	(40,67,028)
<b>Down Move</b>		
Impact on equity	-	-
Impact on P & L	32,92,554	40,67,028
Total	32,92,554	40,67,028

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. interest rates on its variable rate of borrowings.

### 33(iii) 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.

### 33(iv) 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.

### 33(v) 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.21.51 crores as on 31st March 2018) & (Rs.17.31 crores as on 31st March 2017) and maintaining availability of standby funding through an adequate line up of committed credit facilities (Rs.43.72 crores as on 31st March 2018) & (Rs.43.62 crores as on 31st March 2017).

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**PROXY FORM (Form No: MGT-11)**

**(Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)**

Name of the Member (s):

Registered address:

E-mail ID:

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

I/We , being the member(S) of \_\_\_\_\_ shares of the above named SKM EGG PRODUCTS EXPORT INDIA LIMITED, hereby appoint

1. Name \_\_\_\_\_

Address \_\_\_\_\_

E-mail Id \_\_\_\_\_

Signature \_\_\_\_\_

2. Name \_\_\_\_\_

Address \_\_\_\_\_

E-mail Id \_\_\_\_\_

Signature \_\_\_\_\_

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23<sup>rd</sup> Annual General Meeting of the **SKM EGG PRODUCTS EXPORT (INDIA) LIMITED**, to be held on the \_\_\_\_\_ at \_\_\_\_\_ A.M/P.M. at \_\_\_\_\_ and at any adjournment thereof in respect of such resolutions as are indicated below:

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

<b>RESOLUTION NOS</b>			
	<b>ORINARY BUSINESS</b>	<b>FOR</b>	<b>AGIANST</b>
1.	a. Adoption of Audited standalone financial statement of the company including audit Balance sheet and profit & Loss account for the year ended 31st March 2018 b. Audited consolidated financial statements including consolidated Balance sheet and Profit & Loss Account of the company for the year ended 31st March 2018		
2.	Declaration of dividend for the year 2017-18		
3.	Re-appointment of Retiring Director Smt S Kumutaavalli		
4.	Re-appointment of Statutory Auditor Mr. Prasanna Venkatesan N, Chartered Accountants, Erode to hold office from the conclusion of this meeting until the conclusion of the next AGM and to fix his remuneration.		
<b>SPECIAL BUSINESS (SPECIAL RESOLUTION)</b>			
5.	Approval for revision in terms and conditions of appointment of Managing Director		
6.	Approval to continue the appointment of Mr. S.M. Venkatachalapathy who has attained / crossed age of 75 years:		
7.	Approval to continue the appointment of Dr. L.M. Ramakrishnan who has attained / crossed age of 75 years:		
8.	Approval to continue the appointment of Mr. M. Chinnian who has attained / crossed age of 75 years:		
9.	Approval to continue the appointment of Mr. P. Kumarasamy who has attained / crossed age of 75 years		
10.	Approval of Material related party transactions:		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
Signature of Proxy holder(s)

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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Affix Rs.1/-  
Revenue  
STAMP  
here

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the "For" or "Against" column blank any or all resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.

**SKM EGG PRODUCTS EXPORT (INDIA) LIMITED - ANNUAL REPORT 2017-18**

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**ATTENDANCE SLIP**

**23<sup>rd</sup> ANNUAL GENERAL MEETING, 2018**

**Env. No:**

**Name and Address of the Shareholder**

**Folio No:**

**Shares Held:**

I certify that I am a member/proxy for the member of the Company.

I hereby record my presence at the 23<sup>rd</sup> Annual General Meeting of the Company, at \_\_\_\_\_

on \_\_\_\_\_ at \_\_\_\_\_ AM / PM.

\_\_\_\_\_  
Name of the Member/Proxy (In Block Letters)

(Note: Please fill up this attendance slip and hand it over at the \_\_\_\_\_, Members are requested to bring their copies of the Annual Report to the AGM).

**ELECTRONIC VOTING PARTICULARS**

EVEN (Electronic voting Event Number)	USER ID	PASSWORD



எஸ்கேஎம் எக் புராடக்ட்ஸ் எக்ஸ்போர்ட் ( இந்தியா ) லிமிடெட்  
185, சென்னிமலை ரோடு, ஈரோடு - 638 001.  
வருகை பதிவுச் சீட்டு

Folio No./ Client ID / Dp ID No. :

பங்குதாரரின் பெயர், விவரம் :

26.09.2018 புதன்கிழமை மாலை 4.00 மணிக்கு பதிவு அலுவலகம், 185, சென்னிமலை ரோடு, ஈரோடு - 638 001ல் நடைபெறும் கம்பெனியின் 23-வது ஆண்டு பொதுக் கூட்டத்திற்கு எனது வருகையை இதன் மூலம் பதிவு செய்கிறேன்.

மீ பங்குதாரர் / பதிலாளர்

கையொப்பம்

மீ பதிலாளர் / பங்குதாரர் என்பதை குறிப்பிடவும்

குறிப்பு : 1. பங்குதாரர் / பதிலாளர் இந்தப் பதிவுச் சீட்டை கையொப்பமிட்டு கூட்டம் நடக்கும் இடத்தின் நுழைவு வாயில் கொடுக்கவும்.

2. பங்குதாரர் அல்லாதோர் மற்றும் குழந்தைகளை உடன் அழைத்து வருவதைத் தவிர்க்குமாறு பங்குதாரர்கள் கேட்டுக் கொள்ளப்படுகிறார்கள்.



எஸ்கேஎம் எக் புராடக்ட்ஸ் எக்ஸ்போர்ட் ( இந்தியா ) லிமிடெட்  
185, சென்னிமலை ரோடு, ஈரோடு - 638 001.

பதிவு படிவம்

Folio No./ Client ID / Dp ID No. :

எஸ்கேஎம் எக் புராடக்ட்ஸ் எக்ஸ்போர்ட் ( இந்தியா ) லிமிடெட்டின் பங்குதாரர்களாக இருக்கும்..... ஊரைச்

சேர்ந்த.....நான் / நாங்கள் இதன் மூலம் எனது / எங்களது

பதிலாளாக.....ஊரைச் சேர்ந்த.....என்பவரையும்

எனது/எங்களது சார்பில் 26.09.2018 புதன்கிழமை மாலை 4.00 மணிக்கு நடக்கவிருக்கும் 23-வது ஆண்டு பொதுக் கூட்டம்

அல்லது ஒத்திவைப்புக் கூட்டத்தில் கலந்து கொள்ளவும் வாக்குப்பதிவு செய்யவும் நியமிக்கிறேன். / நியமிக்கிறோம்.

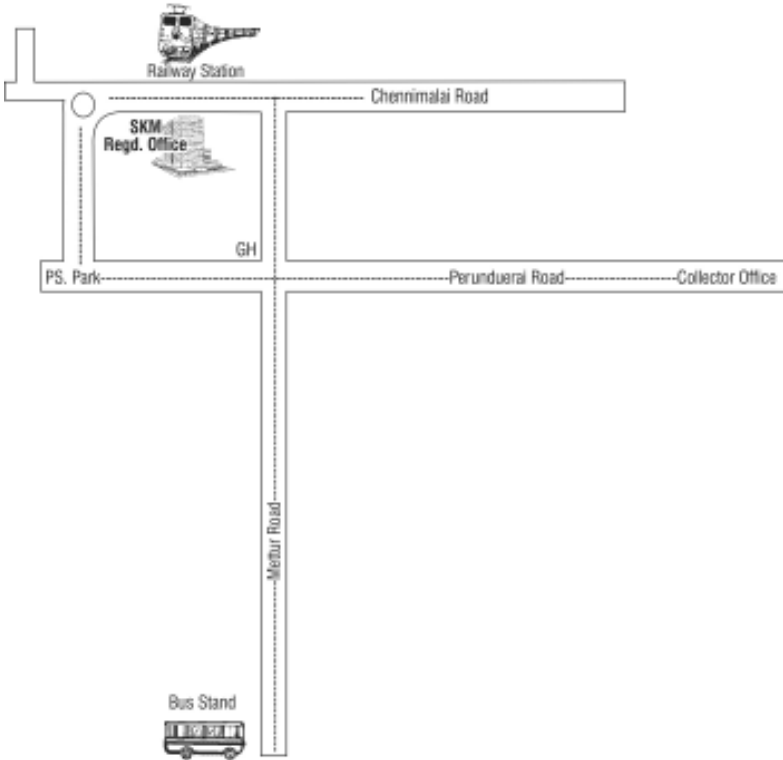
கையொப்பமிட்ட தேதி .....

ஒரு ரூபாய்  
ரெகிஸ்ட்ரர்  
உடர்ப்பு  
ஒட்டவும்

குறிப்பு : இந்த பதிவு படிவத்தை ( பதிலாளர் நியமிக்கும் பட்சத்தில் மட்டும் ) கம்பெனியின் பதிவு அலுவலகமான

185, சென்னிமலை ரோடு, ஈரோடு - 638 001. என்ற விவரத்திற்கு மேற்கண்ட கூட்டத்தின் 48 மணி நேரத்திற்கு முன்பாக வந்து சேருமாறு அனுப்ப வேண்டும்.

## Route Map











**SKM EGG PRODUCTS**

**THINKING OUT OF THE SHELL**

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

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Tamilnadu, India. Pin : 638 001  
Website : [www.skmegg.com](http://www.skmegg.com)