



**SKM EGG PRODUCTS**  
THINKING OUT OF THE SHELL

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**Presented by**

Shri. SKM Shree Shivkumar  
**Managing Director &  
Chief Executive Officer**





# About the Company

- The largest egg processing company in India
- Leadership market position - More than 50% of total egg product exports from India
- Strong raw material sourcing capabilities
- Highest quality standards adhered to meet export market's stringent quality standards
- Strong relationship and globally approved supplier status with strong brands such as Mondelez, Heinz, CSM amongst others
- Key Markets – Japan, Europe, South East Asia & Russia
- Strong network in key markets through subsidiary, branch & exclusive distributors – SKM Europe , SKM Russia & SKM Japan
- Trendsetting welfare policies for employees and various CSR activities
- Strong top management team with professionals to manage day to day operations



# Details of Manufacturing Facility

## Raw Material - Eggs

- Own Farm located in Erode
- Own Farm produces 5 lakhs eggs per day
- Tie up with contract manufacturers in & around Namakkal

## Finished Product - Egg Powder

- Own processing unit located in Erode
- Installed capacity to process 6900 MT of egg powder per annum
- World class infrastructure to maintain export level product quality

Particulars	2014-15	2015-16	2016-17
Installed capacity (In Mt's)	6900	6900	6900
Actual production (In Mt's)	6900	6141	4982
Capacity utilization (%)	100	89	72



# Overview of Operations

## Raw Material

### Egg – Key Raw Material

- 25% of egg requirement met in-house
- Proximity to Namakkal, second biggest egg producing center in India
- Feed mill commissioned to enhance feed operations efficiency

## Process Control

### Strong Process Controls

- Controls entire Life cycle of Egg Processing
- All feed and additives are Quality control
- Automated tracking system for Egg process
- Export level quality to maintain market share

## Forex Management

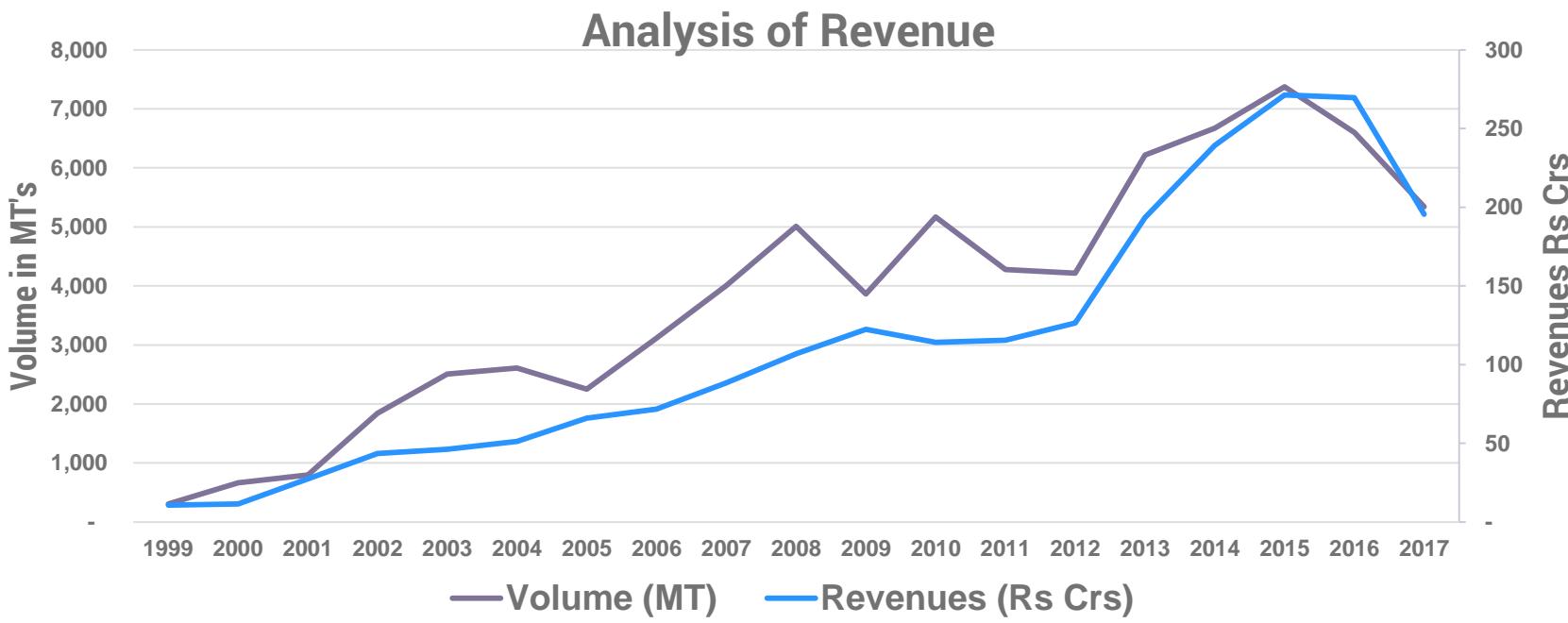
### Forex Management

- Majority revenues derived from exports
- Denominated mostly in Euros & dollars
- Forward contracts employed to minimize forex risk
- No Forex losses in last 3 years



# Sales – Strong Volume growth

CAGR Volume growth of 17.2%; CAGR Revenue growth of 17.5%



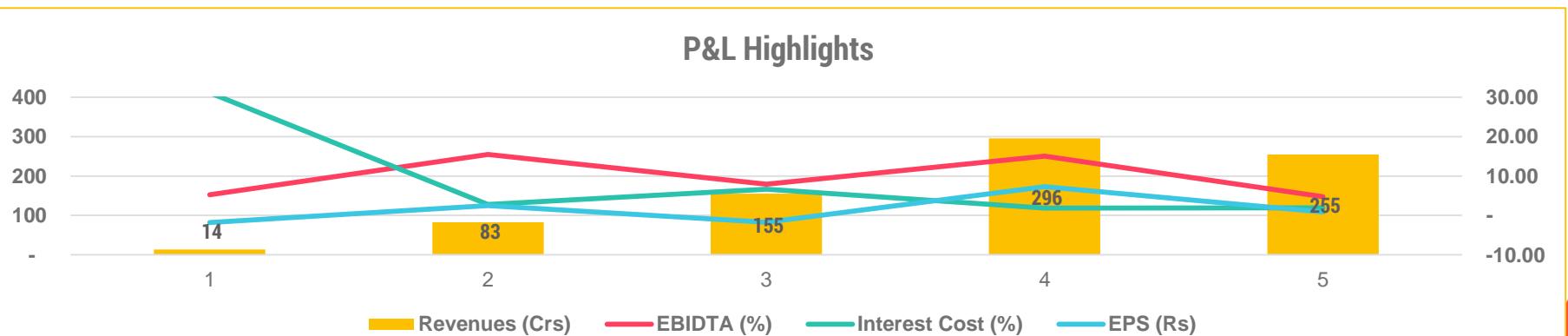


## Analysis – P&L Account through the cycle

Block 1 – 1998 to 2001; Block 2 – 2002 to 2009; Block 3 – 2010 to 2013; Block 4 – 2014 to 2016 --- Compared with Current year 2017

Revenues	Gross Income	Higher the better	Highlights	Block 1	Block 2	Block 3	Block 4	(Block Avg. in Crs)	2017
EBIDTA	Earnings before Interest, Depreciation & Taxes	Higher the better	Revenues (Crs)	14	83	155	296	255	
Interest Cost (% of Revenues)	Interest expense % in total cost structure	Lower the better	EBIDTA (%)	5.27	15.48	7.92	15.05	4.78	
EPS	Earnings per share	Higher the better	Int. Cost (%)	31.11	2.78	6.64	1.90	1.96	
			EPS (Rs)	-1.83	2.52	-1.72	7.29	0.89	

### P&L Highlights





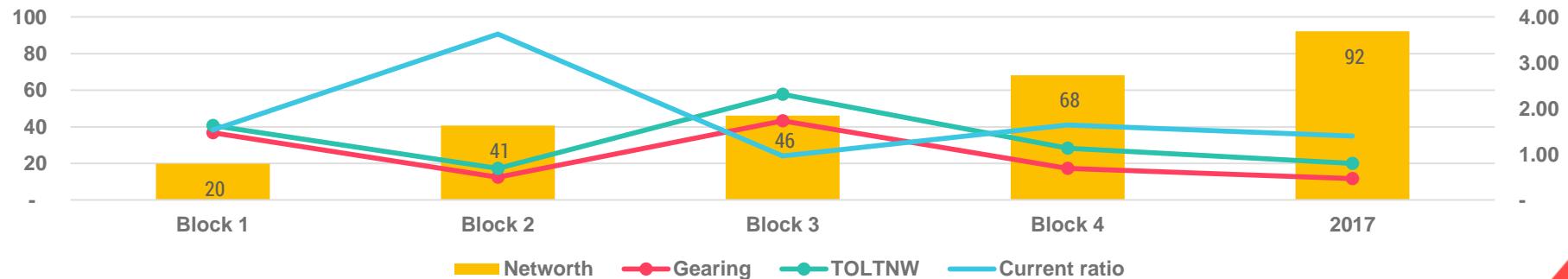
## Analysis – Balance Sheet through the cycle

Block 1 – 1998 to 2001; Block 2 – 2002 to 2009; Block 3 – 2010 to 2013; Block 4 – 2014 to 2016 - - - Compared with Current year 2017

Networth	Share capital + Reserves	Higher the better
Gearing	Total Debt/ Networth	Lower the better
TOLTNW	Total Outside liabilities/ Tangible Networth	Lower the better
Current Ratio	Current Assets/ Current Liabilities	Higher the better

Ratio	Block 1	Block 2	Block 3	Block 4	2017
Networth	20	41	46	68	92
Gearing	1.47	0.50	1.73	0.69	0.47
TOLTNW	1.63	0.69	2.31	1.13	0.80
Current ratio	1.53	3.63	0.96	1.64	1.40

### Balance Sheet Ratios





## *Strong Fundamentals*

- Long Standing industry experience
- Ability to manage downturns successfully
- Strong second level management team
- Healthy financial profile

## Largest Vertically integrated player in egg processing industry

- Leadership market position in the industry
- Integration enabling high quality maintenance
- Facilities advantageously located close to raw material hub
- Strong control over product quality
- Manufacturing processes certified by major export destinations



# Key Competitive Strengths

## Strong Customer profile

- Relationship of over 15 years with key customers
- Marquee brands such as Heinz, Mondelez in client profile
- Revenue contribution to top 3 customers ~ 25% CAGR growth in 5 years

## Key Management initiatives

- Own feed mill commissioned to enhance feed operation efficiency
- Raw Material Storage capacity enhanced
- Marketing offices set up in key markets
- Investment in modernization and upgrade
- Planned diversification from B2B to B2C
- Foray into Russian market
- Capacity available to manage next year growth



## Key Highlights

- Company continues to maintain credit rating at Investment Grade with CARE Ratings Ltd
- Management has consciously prepaid all the term loans during surplus cash flow years
- Shares re-listed in BSE from 30.03.2017
- Implemented learnings from last business downturn and made company stronger
- Company's low leverage supporting business profile
- Continuous support of other stakeholders like bankers, customers, suppliers & shareholders
- Company to maintain inclusive growth going forward

# THANK YOU !

Our Employees are our Biggest Asset

