



SKMEGG/SEC/NSE/BSE/UPDATES
May 26, 2026

To,

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

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

Dear Sirs,

Sub: Updates
Ref: SKMEGGPROD(NSE) and 532143(BSE)

This is to inform you that, on 22 May 2026, we released our audited financial statements for the fourth quarter cum full financial year 25-26 to our esteemed shareholders. On the same day, we also engaged with Shareholders, Analysts through a teleconference to deliberate on the Company's financial performance, strategic outlook and future growth trajectory.

We had earlier informed you that the Company has undertaken an expansion initiative at our Poultry Farm with an investment outlay of approximately ₹400 crores. In response to the keen interest and requests expressed by a majority of our shareholders, we would now like to share additional insights regarding this ambitious poultry farm expansion project.

The Company is currently establishing an additional layer bird capacity of 20 lakh birds, thereby the total capacity in our own poultry farm stands increased to 24 lakhs layer birds. Over the past 2-1/2 years, construction costs — particularly steel prices and other core infrastructure expenses — have escalated substantially, witnessing an overall increase of nearly 40% to 50%. The ongoing construction activities for additional 20 lakh birds expansion through Environmental control shed (EC shed) are expected to be completed over the next two-and-a-half to three years. Had the Company chosen to execute this expansion gradually over the same period, there would have been a significant probability of a further 40% to 45% surge in construction costs during the forthcoming years. Recognizing this impending inflationary pressure, the Company strategically negotiated and locked the construction contracts at prevailing rates for the entire project. By doing so, we have effectively insulated ourselves from the anticipated escalation in future construction expenses over the next two-and-a-half years. Through this prudent and forward-looking approach, the Company is expected to realize savings of nearly ₹60 crores in construction costs alone.

SKM EGG PRODUCTS

THINKING OUT OF THE SHELL

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

CIN:L01222TZ1995PLC006025 GSTIN:33AACCS7106G1ZO PAN:AACCS7106G

Registered Office: 133, 133/1, Gandhiji Road, Erode - 638 001 Tamil Nadu India Tel: +91 424 2262963

Factory : Erode - Karur Main Road, Cholangapalayam, Erode - 638 154, Tamil Nadu, India Tel +91 424 2351532 - 33, Web www.skmeegg.com



From operational side, the latest technology in Poultry farm sheds, New Environment Controlled EC sheds shall be constructed by replacing the existing open sheds, which are more than 16 years old. On completion of this project, current egg production, in Open sheds in own farm, of 13.50 Cr eggs stands increased to around 62 Cr eggs, almost around 5 times higher, which saves substantial cost of eggs as compared to current practice of procurement of eggs from Contract Farms so that our profitability shall be strengthened.

Furthermore, the new proposal of establishing expansion in Feed mill capacity by setting up a New Feed Mill will cater to the nutritional requirements of the additional 20 lakh layer birds. This initiative enables us to substantially reduce dependency on external procurement of poultry feed, thereby generating cost efficiencies of approximately 15% to 20% in feed cost through in-house production capabilities.

In addition, both new Layer sheds and new feed mill under this expansion plan are going to be constructed entirely within our existing poultry farm premises, and no new land acquisitions have been undertaken for this purpose. Had the Company opted to purchase new land under prevailing market conditions, the estimated expenditure would have ranged between ₹70 crores and ₹80 crores.

Moreover, Expansion in Bio-Gas division, being 2 more Digestors in addition to existing 2 Nos Digestors, leads to savings in coal cost in egg powder division as well as sales revenue of CBG (Compressed Bio-Gas) which will further be contributed to our Profitability.

Furthermore, out of the total project expenditure of approximately ₹400 crores earmarked for this expansion initiative, only ₹100 crores will be funded through the Company's internal accruals/bank deposits, while the remaining ₹300 crores is proposed to be financed through bank borrowings at very lower interest rates. As previously communicated, the Company is eligible as on date to receive an interest subvention of 3% from the Ministry of Animal Husbandry on these borrowings (which is subject to change in future). After factoring in this subsidy benefit, the net effective rate of interest payable by the Company on the said loans will be only around 4.5% to 4.7%. Conversely, had the Company financed the entire expansion through its own internal reserves/accruals without availing external borrowings in phased manner during next 3-4 years period, it would have resulted in a significant opportunity cost. This is because the Company is presently earning investment returns of approximately 7.5% to 8% on our deposit investments. Therefore, instead of utilizing capital that is currently generating higher investment income, the Company has prudently chosen to leverage low-cost bank financing for this expansion project. This strategic financial structuring not only preserves the Company's high-yielding capital base but also creates substantial long-term financial efficiencies and savings for the organization.

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Moreover, even at the strict lower financial projections, all operational financial ratios in future are good as compared to the last actuals with more than comfortable DSCR for repayment of Term Loan with Interest to the banks. Therefore, we like to reassure our valued shareholders that this carefully calibrated funding strategy has been designed with a strong emphasis on capital optimization, financial prudence, and sustainable value creation, thereby further strengthening the Company's financial position and long-term growth prospects.

Further, the Company has successfully optimized capex costs across multiple dimensions — including mitigation of future construction cost inflation, utilization of existing land resources, reduction in feed expenses through captive production and savings in coal cost and new sales revenue in CBG, thereby our visionary planning and meticulous execution looks visible. Collectively, these strategic measures are expected to generate cumulative savings of nearly ₹150 crores in the project cost as well as substantial operations cost in future in long term perspective.

Overall, we are pleased to state that this expansion is going to be implemented with exceptional financial discipline and operational efficiency. More importantly, the project is poised to deliver substantial long-term benefits to the Company. The resultant economies of scale are expected to significantly reduce the overall egg production cost, thereby strengthening the Company's profitability, operational resilience, and financial position in the years ahead.

This is for your kind information and records.

Yours Faith fully
For SKM Egg Products Export (India) Limited

SKM Shree Shivkumar
Managing Director
(DIN:00002384)

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