



SKMEGG/SEC/NSE/BSE/CCTRANSCRIPT/2026

May 28, 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 Sir/Madam,

Sub: Con-call Transcript

Ref: SKMEGGPROD (NSE)/ 532143(BSE)

This is to inform that pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the Transcript of the Con-call held on Friday, May 22, 2026.

Kindly take the same on record.

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

P.Sekar
Company Secretary
(ICSI M. No: F10744)

Encl:a/a

SKM EGG PRODUCTS

THINKING OUT OF THE SHELL

SKM EGG PRODUCTS EXPORT (INDIA) LIMITED

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Transcript of NSDL-SKM Egg Products Export (India) Limited

Mr. P. Sekar (Company Secretary)

Good afternoon, everyone.

On behalf of the Board of Directors under the management of SKM Egg Product Export India Limited. I extend a warm welcome to all the investors, analysts and participants joining us today for this investor conference call.

I am P. Sekar, Company Secretary and Compliance Officer of the Company.

This conference call has been our way to discuss the audited financial vision for the fourth quarter and finance made in 31 March 2026 along with key business and operation updates.

We are pleased to have with us today

Mr. SKM Shree Shivkumar – Managing Director

Mr. K. S. Venkatachalapathy – Chief Financial Officer

Other senior members of the management team

The management will first provide an overview of the company's operational financial performance followed by business updates and future growth plans. Thereafter the floor will be opened for question-and-answer session. Participants are kindly requested to briefly introduce themselves before raising their questions.

Before we begin, I would like to mention that certain statement made during this call may be forward looking in nature and may involve risk and uncertainties. Actual results may differ materially from those expressed or implied in such statements.

Now I request our Chief Financial Officer Mr. K. S. Venkatachalapathy – Chief Financial Officer to commence the proceedings and share his remarks.

Mr. K. S. Venkatachalapathy (Chief Financial Officer)

Thank you. Good afternoon all investors and organizers and welcome to this first con call of our company.

Now I request Our Managing Director Mr. SKM Shree Shivkumar to commence the proceedings. After completion of that I will present my financial results.

Mr. SKM Shree Shivkumar (Managing Director)

Welcome all shareholders analysts for this first investor call meeting of the company

We have been interacting with the shareholders only during the AGM As a request from many shareholders to give a quarterly update of the progress of the company this has been arranged. From this quarter onwards we will continue to have this investor

Conference.

Welcome you all once again and any answers to the questions will be restricted to the actual performance A little bit towards the future outlook but no numbers will be shared.

This is for your kind information so that do not ask for definite future numbers which we will not be in a position to answer with this I now hand over to Chief Financial Officer Mr. K. S. Venkatachalapathy present these results.

Mr. K. S. Venkatachalapathy (Chief Financial Officer)

Thank you sir. To all shareholders, analysts and participants of this Concall. First let me present sharing the presentation for exclusively for shareholders and meeting attendees.

This is our operational milestones from 1995 to 2026 the major positive occasions. In 1995 we incorporated the company. In 1997 we went for a public issue and 1997 the same year the business has been commenced. From 1997 to 2004 we took time to stabilize in the international egg powder market and company started making profits and with 2004 giving started giving A dividend to all the shareholders.

In 2005 onwards our journey for expansion has started. In 2005 from 10 lakh eggs per day. Breaking has gone up to 30 lakhs eggs per day in 2005.

In the next move putting our feeds in geographical by Netherlands. In Netherlands we established our overseas surgery in 2005 for export of egg powders.

In 2009 backward integration we constructed a poultry farm. Our own poultry farm with a 6-lakh layer burst in 2009.

In 2010 again coming back to breaking capacity enhanced from 13 lakhs to 16 lakhs per day. And within two years again 16 lakhs to 17.5. And within a year in 2013 from 17.2 17.5 to 18 lakhs x breaking per day.

Then expansion in geopolitical remarks 2015 We established our overseas branch in Russia because we found a huge potential for yolk powder. 2015 We established our own branch not subsidiary.

Within three years again concentrated on egg breaking upward from 18 lakhs to 22 lakhs capacity increase after some couple of years. In 2024 we constantly started concentrating improving our efficiency in poultry farm. So, we converted from. We switched over from open sheds to environmental control for better productivity Low consumption of feeds thereby 4 lakh layer birds have been started from 2024. And from 2024 to this 2026 we found a phenomenal substantial savings in our operational cost in form of egg production.

So, our company has now on consideration of future powder expansion in the next five to 10 years which we our MD is going to explain you. We started now at the cost of 400 crores. Yeah. Expansion of easy sheds from 5 lakhs birds to 20 lakhs more layer birds this 2026. These are all the operational mind stones for the information of shareholders and analysts who are attending the meeting.

Coming back to the financial results our all-time High financial year 25-26 is outstanding results. Remarkable results. Upper quantity exports 7126 metric ton. Whatever you are seeing there, it is an all-time high. During the last 2031 years turnover gone up to 767 crores with operating profit of 163. And we finally settled the profit before tax at 136 crores. And the profit after tax first time in the lifetime history crossing 100 crores profit after tax. And your funds in the company is 395 crores shareholders' funds.

For your information this is the pillars of our excellence High quality standards to meet our export international markets with stringent quality standards. We are very particular our management is very particular in maintaining the quality and improving day by day to sustain in the international market. Key markets are Japan, Europe, Russia, Nigeria and South Africa. And many more countries are targeting now our strong network in key markets through subsidiary branch and exclusive distributors in Europe, Russia and Japan. Japan is under the establishment hopefully within two to three months we will have our Japan branch by July end of something. We are maintaining a quality at far with the European standards.

The leadership market position around 50% of total imported exports from India. Your company is doing now out of total import of imported into Japan. Your company contributes around 10% share After. Establishment of Japan own branch the share. May go. Backward integration. We have our own feed mill commissioned to feed the layer birds to and enhancing the feed operation efficiency also and always your company is concentrating in new investments for modernization and upgrading of all missionaries' manpower and money.

These are our few value-added egg products Eggs YQ in tetra pack Egg liquid Egg pro protein drink mix Coming back to financials, have you seen in the uploaded results you are seeing a stellar performance of our company. Our sales have gone up by 58% year on year from 493 crores to 767 crores. Our operating profit has gone up by nearly 200 from 71 crore to 162 crore and the profit before tax gone up from 47 crore to 136 crores 3325 and after tax the net kitty to the available for shareholders is 33 crores from 33 crores to 102 crores. First time in the history the company crossed 100 crores in PAT.

And the Quarter-on-quarter performance sequential quarter also you can see a big improvement. Last year we made 180 crores but sales have gone up to 197 crores. After getting the operating profit around 48 crores for profit before tax is 41 crores and profit after tax is 32 crores against 9.7 crores and 6.22 crores respectively. This is the further breakdown into overall financial results. Sales, other income, cost of goods sold, operating profit, finance cost, depreciation and profit before tax. To be precise in this slide you can see the percentage of operating profit PBT and PAT all earlier versions, new versions get higher percentages as compared to last year.

Operating profit gone up from 14 to 21 year on year PBT 20 to 18 and the profit after tax 7 to 13% more than 10% PAT looks very lucrative for your time information. Just concentrating on from seeing from the numbers in the slide to graphs operating profit how it matches with the profit after tax trend from 2013-14 to now 2025-26 this is alternatively turnover to PBT our turnover was first a few years if you see all in few crores gradually it is improving and last five years phenomenal growth in our company's operation particularly in 2022-23 and 23-24 our turnovers have crossed 600 crores from 300 crores in 21-22 and up to 21-22. The weighted average annual profit before tax is around 10 to 15 crores. Now it is you are counting it in more than 100 crores year on year.

This is the slide shows our layer birds capacity which are more vital part of our organization because of eggs production for making the egg powder Conversion of egg into egg powder so layer birds in 2009-10 our company commenced constructed a new poultry farm up to 2008-09 the company was procuring the eggs from outside.

Approximately more than 20 to 25 pic at that time in 2009-10 company concentrated on backward integration started with the 6 lakhs layer worse nearly 10 years we have been successfully running this poultry farms and thereby from 2019-20 we enlarged our layer birds capacity by without any additional capex or investment by entering a lease forms thereby additional 8 lakh birds for few years Then year on year there is an improvement in introduction of addition of new layer birds by lease forms and from 2025-26,26-27 our first phase of easy sheds own form started contributing. Now with the expansion we are going to have a 39 almost 40 lakhs layer birds in 2020-21 with this current ongoing new EC shed phase two.

You can see the powder capacity egg powder capacity production capacity from 97 up to 97 it was 3850 metric ton. In 2006 we gone up from to 5000 metric tons then another four years 6000 metric tons and another two years around almost 700 metric tons more 6745 against 2013 6930.

Now we have a capacity of 7320 metric ton in 2023 and further scaling up under projections our managing director will deliver during speech for the first time information to all stakeholders in one slide. This is your company's profit before tax from since beginning 9798 but for very few years that all because of beginning Year beginnings. carrier beginnings. Now you can see in last five years the phenomenal growth in our profit. And this is the book price per share. Book value per share is 150 rupees as on date.

This is the business growth in terms of five years block. Because why five years block? Egg powder industry has its own erratic ups and down during five years anytime. But all if you see in the five years block everything is in positive. So, any one year if you have seen any correction period you can you take it as a correction because of double benefits in the next year.

That kind of information. This slides you can. You can observe first four years modular numbers next to four five years and the third next five years all less than 50 crores. Then after 15 years it crosses 50 crores mark in terms of profit and the network both in 4th to 5th year, 5th to 5th year almost 100 crores profit before tax and network. And during the last five years our five years turnover has gone to 2416 crore of rupees with 410 crores of profit before tax. And your net worth as on date is almost nearing 400 crores.

Now coming back to current ongoing Capex Easy Sheds phase 2.

This is current open sheds in 5 lakhs birds.to New easy 20 sheds with additional 20 lakhs burst. The total cost of the project is 403 crores.

This may be subject to vary because of substantial portion of the payment in foreign currencies. So, exchange fluctuation will be a matter but subject to the changes. As of now the project cost is 400 crores and own funds from our existing savings 101 crore bank term loan 302 cr. Our bank term loan is a very cheapest interest borrowing cost because of your company is eligible for 3% interest subsidy from EBIDTA.

So net cost of funds is around 4.5cr for 4.5%. Sorry. From these 400 crores new investment you are going to. Thank you for your patience.

There are some power cut issues. So, what you are seeing is our first phase completion of full-fledged layer sheds poultry form layer shed with the capacity of 1 lakh layer birds.

This is the biogas plant with 70-ton first phase 2 digesters. It generates power from the litters from the easy sheds layer Birds. The third slide what you are seeing is the just a few months back commencement of new construction of 20 lakhs additional EC layer sheds first EC2 and 3 is the commencement of current stage of construction.

And lastly this is the stock Market and SKM share price with comparison of nifty earnings per share and sell price of our SKM product since 2014 and 15 for your just comparison.

That's all from presentation side regarding financial numbers and ongoing capex and your company's vision is next immediate vision is turnover of thousand crore. With this presentation I just question over.

Now the session of question answers can be started. We request to write. Sir you have to ask question.

Moderator

Thank you so much. Since we are proceeding with the question answer session, we would request the people in the attendees to please use the raise hands feature so that you can be allowed to speak.

We would request the people or in the attendees to please go ahead with the question. Ladies and gentlemen, the first person with the raised hand we have is Mr. Keshav ji.

Thank you so much for joining us today. We would request you to please go ahead with your question. Also turn on your video if possible. Sir.

Mr. Keshav Garg

Sir, actually my video my bandwidth is low so for the sake of. Yes sir. So, thank you very much for this opportunity and many congratulations for excellent numbers.

Now sir, if you could begin by telling us that what was the sales volume during FY-26? I understand in FY-25 we did around 10 and a half thousand tons and I think the peak we did in FY-23 which was 12,229 million tons. So, in FY-26 what was the sales volume and going forward in FY-27 and 28 what could be the expected sales volume?

Mr. K. S. Venkatachalapathy (Chief Financial Officer)

Just a minute.

Moderator

I would like to inform the board members that we can either answer the questions directly or compile all the questions and we can answer them at the end of all the questions. Either of it works well.

Mr. K. S. Venkatachalapathy (Chief Financial Officer)

Yeah.

Mr. Keshav Garg

Sure. So, should I continue with my other questions and maybe the CFO can compile the answers and answers later?

Mr. K. S. Venkatachalapathy (Chief Financial Officer)

Sure, yeah.

Mr. Keshav Garg

So along with the volumes if you could also tell us the realization per kilogram in FY-26 and also whether the fourth quarter realizations are they continuing in the Q1 of FY-27 and how is the demand outlook and are these realizations and margins expected to continue and especially with the depreciating rupee. I understand we should be great beneficiaries of that. Sir, one more thing about this acquisition of SKM Universal, what is the consideration that we are paying to acquire the company?

So, these were few of the questions. Primarily we are interested in what kind of revenue and the thousand crore revenue target is in FY-27 itself. Is it achievable or by when do

you foresee us reaching over there? So. So those were a few of my questions and thanks a lot and again wishing you all the best for future.

Mr. SKM Shree Shivkumar (Managing Director)

Okay, I will try to give you a brief answer. Without exact numbers, the production you are referring to, I think, is both liquid and powder. In terms of capacity, we are operating at very full capacity now. So, for 26 - 27 we don't foresee a very big increase in capacity.

In terms of average realization, it has moved up from quarter one to quarter two, quarter three and quarter four. So, quarter four was a slight dip, but it's because of the product mix that goes on. So, our average realization is about 722. This is on powder terms which I expect to continue for the coming quarter because the international market situation there are some changes, but it is not going to affect us very hugely.

This is in terms of numbers the thousand crore is not for the next financial year. It is the target of 2030 for which we are gearing up in terms of capacity expansion in powder as well as egg production.

In tune with that and I would now request maybe in the end the people who are responsible for valuation I think the valuation number that is about 37 crores for the entire company. Since our company already holds 26%, the 74% is 27.75 crores is the out pay that will go.

The main reason for this takeover of this company is one the windmill division will give substantial savings to the company. And the windmill division of this company has banking facilities which will become very big benefit for the company.

And also, the Capex, if they want to do new will be much higher than this. And the second is the branded egg division which has been originally in the listed entity now and during the difficult period it was requested to be hired of credit entity, and it is not grown aggressively because of lack of financial strength to push for marketing.

Now we are bringing back into the listed entity so that we can focus on further growth in the branded segment. So that's the reason why it is getting this company now, it's a takeover. In due course, it will be merged with the companies, and the compensation is including the brand which is personally held by me which is also the company transferring the registration to the company. I hope all the questions are answered, exact numbers if you want, but we will subsequently give you full time. Thank you so much.

Mr. K. S. Venkatachalapathy (Chief Financial Officer)

For all the shareholders, please, whatever the points in numbers, particularly in numbers, you can drop a mail to me, I will separately answer to you. We can move to next shareholder.

Moderator

Sure, Sir thank you so much for answering that one. Thank you. Going ahead, our next speaker shareholder with the raised hand for the question is Mr. Gunit Singh. Mr. Gunit, you have been unmuted.

Mr. Gunit Singh

Hi sir, thank you for this opportunity. First of all, the investor presentation, if you can share that we can go through the initial pages. Secondly, I would want to know what the country wise revenue contribution to our revenues is and is it fair to assume that when the egg prices in the exporting country where we exporting that the egg prices there go up, our profit margins improve. Moreover, I would like to understand who our main competitors in our top exporting countries like Japan and Russia.

So, which other countries export there and what kind of a competitive edge do we have in terms of cost of production etc. Also, the egg prices in Japan have been elevated, have remained elevated since the last few years. So, what do you think is the reason for that? Is it a structural change or is it just the upcycle and then the prices should come down? So, what are your thoughts on that.

I would like to understand about the Capex that we are doing of 400cr. So basically, you mentioned that our capacity is increasing to 40 lakh layer birds. So, what is the current capacity as on date and with this 400cr capex what is the commissioning timeline?

So, by when will the phases come into come into picture, when will they be commercialized? And from this capex are we looking at the same products or are we also introducing any other value-added products in our current chain?

And if you can share the revenue potential from the capex in terms of phases, whenever the phase is commercialized, what kind of additional revenue it can generate. So, these are the questions that I have. Thank you very much.

Mr. SKM Shree Shivkumar (Managing Director)

Thank you for your questions. The country wise breakup is there with us but we don't want to make this as a public document because of the reason of competition.

So, we don't want the competition to get a lead into what we are doing. So, I'm sorry we will not be able to share that.

But in terms of our competitive position, if you want, we can share it independently but it is something which is not public. But in terms of our competitive position in markets, we have two competitors fundamentally one is players and then European players, that is Europe from Europe and us the major competition and of course Ukraine, China all come in now and then and go but we are not a consistent player in the market.

So, we are competing with Europeans in Japan and in Russia and US also is in Russia but the rest of the markets we mainly compete with the Indian players. We have a very strong position and we.

I can tell you we realize at least 5% more than our competition in these markets. Primarily because of our reputation in terms of quality or time selecting and so on.

And we have moved away from exclusive distribution to multiple distributors in each market in the last two years. And we look to penetrate furthermore with this strategy in increasing our market share.

Capex of 200 crores. Capex of 400 crores is this is not a top line growth investment. It is a bottom line. So, we are procuring. If you have seen in this presentation now, we are procuring about daily about 4 to 5 lakh eggs at market price for the current need. With this Capex we will be able to do away with the additional procurement.

There is a gross margin of at least 50 paisa market price and oil production at this stage. Of course, in future it should be around this range considering the demand for shell eggs is continuously increasing.

Because egg is the cheapest protein that is available. So, egg consumption in India is going aggressively. So, the investment will be completed by 28-29.

This 48,4400-crore investment where currently we are at 20 lakh birds and by 2029 we will be at 40 lakh birds. Anything else? There is no I said revenue potential from the Capex is only adding to the bottom line. Of course, we are also looking to expand our shellac export business where we are currently about 100 crore and domestic market is about 40 crores.

So, this will continue to grow with the strength of this investment. In terms of top line on the powder side, we are currently about 7,000 tons.

We are looking to do 10,000 tons. The capex is analyzed be able to give a better picture by end of next quarter or after that.

But definitely there is plan to invest to enhance our capacity to about 10,000 tons and when we will realize this is the next question. Maybe you can take five years' time to achieve some 7,000 to 10,000 tons.

Very realistic practical goal. But nothing as a disclaimer, nothing is guaranteed in international market.

Our efforts will be there to reach that 10,000 answer as soon as possible.

Mr. K. S. Venkatachalapathy (Chief Financial Officer)

Thank you, Mr. Gunit Singh. I hope we our managing director clarified all your questions. In case of any questions, if you feel you can drop a mail, we will individually discuss.

Moderator

So, thank you so much. Shall we proceed with the next one? Ladies and gentlemen, going ahead, our next person with the hand raised for the question is Lakshmi Narayana.

Mr. Lakshminarayana

And first of all, Sorry. Yeah. Good afternoon. Congrats to Sri Shivkumar JI and also Sri Venkatachalapathy, all the others, the senior management team.

My first question was. It's more of a clarification. So, if you recall 521, I think that's when you started releasing facilities to.

Mr. K. S. Venkatachalapathy (Chief Financial Officer)

Can you. Can you talk loudly Mr. Lakshmi?

Mr. Lakshminarayana

Yeah, so my question is before you started to lease the layer birds and you know use them for producing eggs for manufacturing powder before that the gross margins were around 21%. Now we obviously saw the expansion to 35% for the current year and also whereabouts in the last year.

So, my question is if you were to bring in additional 20 lakh birds by the capex that you're proposing to do obviously we would see some good benefit for gross margins directionally. Am I correct or not? And that's first question. Secondly, how would we think about egg crisis?

Because from time to time we hear about some bird flu and some geography and the egg prices going over the roof and so on. But you cater largely to the bakeries..

Hotels and restaurants and that kind of segment, not directly retail markets and so on. So, what is the buyer behavior when the egg prices are very high?

This is the second question and third question is as you have said that there is a good demand for protein and egg is one of the cheapest proteins and one of the better proteins in terms of quality available for sports, medical and general nutrition purposes. So, what are your you know, goals in launching products just like we have whey protein in the international markets whether you want to tie up with supermarkets or brand owners or how would you want us to think about this particular growth area in the next three to four years.

And finally, again congrats on the fact that you have brought in the associate business also into the to the main entity listed entity. That removes a big confusion in the minds of shareholders and also because of the brand now is inside the company

So, we really appreciate and we wish you all the very best for the future. Thank you.

Mr. SKM Shree Shivkumar (Managing Director)

Thank you, thank you so much. But with respect to the numbers of 21% and maybe our CFO will give an explanation but I believe before.

Listen, yeah, the between the lease and own investment is what I think your question is leading to the poultry farming activity, the egg crisis are becoming. Very difficult in the old conventional system mainly because of manpower dependency with lot of manpower and the feed prices are continuously increasing and without automated feeding and collection systems the efficiency of the production is going down.

That is the reason why we are going into egg production which is giving us better efficiency but in terms of the revenue percentage that buddy will give you an explanation.

Mr. K. S. Venkatachalapathy (Chief Financial Officer)

Yeah Mr. Lakshmi, I. I don't know where you have got this figure of 21 gross margin before lease form. Sir, for your information, up to 2020-21 our operation profit is only nearly 13 to 12 to 13%. Only this gross margin 21% after introduction of our EC sheds recently.

Mr. Lakshminarayana

So that is what I meant. Yeah exactly.

Mr. K.S. Venkatachalapathy (Chief Financial Officer)

Thank you. I hope I have clarified then egg.

Mr. SKM Shree Shivkumar (Managing Director)

Price trend Bird flu so bird flu is the biggest disruptor in our industry. It the US was out of the international market because of continuous outbreak bird fluid outbreak and generally when bird flu outbreak happens then there is a culling of birds which means they will kill all the birds that are infected and 5 kilometer radius some regions depending on their national policy.

Definitely the production of eggs comes down which results in higher shell like demand for the shell eggs goes up and the price goes up. And for the industry to repopulate what

was gone will take time. Approximately it is two years' time to repopulate what is gone. That is one of the reasons why you can see different abnormal increase and then adding to your question in Japan I think you mentioned that it can go up then it will come down again. So that has been the biggest disruptor in the supply side of the industry worldwide how it affects our business.

Of course in the last five years one reason why India is doing well is because of the bird flu instances have been quite high. One of the reasons is the prices of eggs in all respective countries. whether it's a consuming country applying country is going up which paves the way for a higher realization in the international market and demand shifting also our company has benefited mainly because during this crisis time they saw India as an alternate supply source and SK as the most reliable source.

We were present in Japan and all other countries but not in big volumes. We did have a considerable volume but immediately when they supply in countries like us drops out, we are on it top of the list.

Europe drops out a little, we are on the top of the list. So that is the reason why we can see in the last five years a huge uptake in our numbers in terms of volume and price realization.

And in terms of protein we have done products in the past like egg white cube. Then we have done a whey protein equivalent to drink egg Pro and we have put the eggs in liquid form in tetra packs.

But unfortunately we have not been able to make a big inroads into this market and also these were looked after by the trading universal marketing company which did not have enough financial strength to push this so once the companies here the main production company will have the financial cloud to push this forward and with my son joining as executive director he is solely responsible for doing this value added products we have lot of thoughts in our mind. In fact, we will re. We have already reformulated our Egg Pro drink which will be put into market this week from June.

And the egg white cube is also the shelf life is getting extracted, extended and we will present it in. so far we've been presenting it as a substitute for funding but we will present it in a different way.

So the company is fully focused and we are building an R D division, product development and R D division exclusively for this purpose which will be commenced in six months' time. So, the company is fully focused on B2 so revenue mainly based on NYPD.

I hope to clarify that point also. So, we are and okay. This value-added products export is a really tough call.

Maybe we can go to Middle east once this is established but otherwise value-added products exporting is not so easy because of the shelf-life supply chain distribution. So, India being a huge market by itself I think we will be good enough to begin with Indian domestic market.

Thank you so much.

Mr. K. S. Venkatachalapathy (Chief Financial Officer)

Thank you so much.

Mr. Lakshminarayana

Yeah, mostly are answered. Just one observation I had to point out. In India we have been consumers of your albumin and powder. But the only. It's fantastic product. But the only thing I would like to point out is it takes time to reach Mumbai. So maybe you could work on that. Thank you. But otherwise, great product. Thank you.

Mr. K. S. Venkatachalapathy (Chief Financial Officer)

Thank you sir. Thank you. And request all remaining shareholders or attendees please limit your questions to one because we have to complete this session by 1:30. Next can we go to next?

Moderator

Sure sir. Thank you so much

Mr. K. S. Venkatachalapathy (Chief Financial Officer)

Thank you so much. Restrict only one question sir.

Moderator

Sure sir. We would request all of the attendees who have their hands raised for the queries to please limit to one question per person. The rest of the questions can be sent via the email and can be answered accordingly.

The next person we have is Mr. Vaibhav Bajatiya. Thank you so much for joining us. We are ready for your questions.

Mr. Vaibhav Badjatiya

Yeah. Hi sir, I hope I'm. Can you hear me?

Moderator

Yes sir.

Mr. Vaibhav Badjatiya

Yeah, thanks. Thanks a lot for providing the opportunity. So, you know I. I have just two. Two basic questions. If you can answer that.

So sir, continuing the last discussion that you had with earlier participant. We understand that the India as a country and your company benefits whenever there's a buffalo and supply issues happen in other countries.

But in terms of the basic cost structure in a normal scenario, if you can help us understand what is the reason that in, in years when there's no bug flu or there are no supply restrictions outside, outside India, why Indian companies are not that competitive to be continuously profitable rather than on a profitable or cyclical basis or you know, seeing the cycle of high and lows. And related to that, sir, in terms of contracts, you know, because most of our sales are on contractual basis.

So during the what is our average period of the contract and during that period how the price fluctuations get settled both from the exchange rate point of view and the base price itself, are we indexed to any kind of global benchmark or something? That's how we settle the base price and how the exchange rate gets factored in.

So, these are the two questions that you can answer that that would be answered. That's it from us.

Mr. SKM Shree Shivkumar (Managing Director)

Thank you. Thank you. India's birth situation, I would not say it is nonexistent. It is there but it's very sporadic and it is not impacting hugely the supply side. As of now, as it be experienced in Europe already China or in Japan. So as of now it is under control.

Government of India is also actually considering vaccination against bird flu. So, this is an ongoing discussion. It's a very sensitive technical subject. So, India being the second biggest egg producer, it has to be in the world, it has to be considered with a lot of care. So, all the research institutes are engaged.

Even last week there was a discussion and which our chief veterinary officer was part of the discussion. We have contributed our thoughts to this policy on vaccination and that is our position.

But every country is thinking of this vaccination. So hopefully in the next five years' time I believe, I hope that such type of supply disruption does not happen.

What happens is that one product goes up, then the demand gets down. So, this huge turbulence does not serve the best interest of continuous demand. In the end, application products like if one ingredient goes up too much then they switch to another ingredient and then this demand is gone forever unless things. So, it is not in the interest of overall a huge fluctuation happens in the industry in terms of realization of the finished product. But this is primarily coming from the egg production. So, I hope in five to seven years standing international commission also we are discussing so many debates on this.

So of course every country has its own strategy towards that. But in this, because of the last five-year disruption, there is a big effort to move towards vaccinations to stabilize the supply chain.

That much I Can give you on that and pricing policy. Yes, we do usually do three months contracts, sometimes six months, very rarely. And about 70% of our business, 75% of our business is on contractual basis. About 20, 30% is on spot basis. So, it is. It's not the year. And we cannot benchmark our prices to anything else. It's just based on our cost, what our competition can do and that we follow very closely. And there is no professional data to follow. Of course, we have some lead indicating data which we observe very frequently and price our products depending on inventory position, market readiness.

So that's something which is unique to our company. And our company is the most capable to handle this situation. Because we have a diverse market for diverse products. Egg white. We have a huge market. We wear. Why we can sell egg so whole egg. Everybody can do so. Our biggest strength, unique strength, is our presence in Japan and our reputation for our egg white products is high. So that is the strength the company has, which is very big Differentiated from Indian competition and our forex policy. Normally we go, we are allowed to do based on last year's track record, one year forward contracts, we usually covered up to 60, 70% of our expected exposure.

And we have been quite successful with that except one or two instances this year. We are currently at 30% coverage because of the high volatility we see now. So, we have not done the 70%. We have gone down. We have kept the open 70% and 30% covered. Usually, it's the other way around. 70% is covered, 30% is open. So, this is our forex hedging policy. Except in the history, except two years, I think our hedging policy has been positive.

Mr. K. S. Venkatachalapathy (Chief Financial Officer)

Thank you, Mr. Vaibhav. I think, I hope we have clarified all your questions.

Moderator

Thank you so much. Thank you for answering that one. Going ahead next, we have with us Meherwan Kotwal. Meherwan ji. Quickly, can we go ahead with the questions please?

Mr. Meherwan Kotwal

Sure. Hi, thank you for taking this initiative, for doing this call. So, I had question on this new capex that we are doing with respect to the environmental sheds.

What is the possible ROC that we are seeing on this particular project? And second thing is what will be driving growth in FY-27? These two questions I had.

Mr. SKM Shree Shivkumar (Managing Director)

Okay, with exact numbers. We'll come back to you on that. See, of course every investment has to be checked with current investment.

A lot of calculations are there. But the fundamental strength of the business comes from how high-quality eggs you're able to produce, how efficiently.

So, this is the Fundamental strength of the company which we have been focusing on either the least farm our own farmers There we were 100% dependent on outside. Then we moved a little bit to our own production maybe included in these farms.

Now we have been to 100% more CAPEX oriented but efficiencies are high. Just to give you there will be at least about 20 Paises saving per egg in terms of production costs without considering the interest and so on in the operation side itself Per egg versus open house conventional system versus the so that gives you the idea why such a capex high capex egg production is required.

And when you display this demonstrate this capability to produce high quality VPN cost. This is where we'll be able to tap in big customers who will look at are you capable of delivering sustained quality and costs. So that. That gives. So, from my perspective that is more important. Then Paddy will give you the explanation of the.

Moderator

Thank you so much.

Mr. SKM Shree Shivkumar (Managing Director)

The growth 26, 27 as I said there is. There will be a small increase. Definitely there'll be an increase but not huge because we are fully utilizing our capacity now.

So, our top line growth in terms of powder may not be very high but in terms of shellac exports and domestic market expansion it will be there.

Mr. Meherwan Kotwal

Right? Thank you so much.

Mr. K. S. Venkatachalapathy (Chief Financial Officer)

Thank you. Thank you Mr. Kotwal. Can we move to next?

Moderator

So, at the moment we do not. Have any hands raised. We had. Okay, we had. We have Mr. Anand Gupta. Anandji, we are ready for your question. Can you please proceed with the same.

Mr. Anand Gupta

Can you hear me well,

Moderator

Anand ji? You've already been unmuted.

Mr. Anand Gupta

Can you hear me well?

Moderator

Yes.

Mr. SKM Shree Shivkumar (Managing Director)

I can hear you.

Mr. K. S. Venkatachalapathy (Chief Financial Officer)

Yeah, yeah, we are hearing you. Mr. Anand, please restrict yourself by only one question because of time constraints. Please.

Mr. Anand Gupta

Sir, I want to understand how does the USD to Euro conversion rate impact the other expenses in our profit and loss statement? Or rather why does it impact.

And so, I would like to receive the country wise presentation and also the overall presentation that you are sharing. Thank you.

Mr. SKM Shree Shivkumar (Managing Director)

The investor presentation will be uploaded on the website so you can all have a look at it. We do have business in Europe very little compared to the USD and for the knowledge we are directly invoicing from here to Russia in rupee and to Russian customers in ruble. We look to do the same for Japanese customers from the second half year. So, we will be going away from dollar dependency a lot. But we will get young PCFC also and how it will impact. Yes, this is not from a financial perspective. Our Europeans are offering in euro.

We offer in dollars in Japan so if it is the euro is more expensive in Japan then we have more competitiveness. Suppose 1 is to 1.1 is less competitive for us 1 is to 1.2 is more competitive position for us. I hope to Clarify.

Mr. K. S. Venkatachalapathy (Chief Financial Officer)

Thank you Mr. Anand. Hope you got it and everybody is requested to refer the uploading of this Concall and due to time constraint I think with the permission of our managing director and all the arrangement team we are closing this first conference call this year and hope let us meet in the Q1 financial results of next quarter. Our MD will address it.

Mr. SKM Shree Shivkumar (Managing Director)

Thank you, all shareholders and investors and analysts. The first effort from our side to do the phone call and it was very much like the AGM questions and we had service.

We did it for the first time. Bear with us if we have not given enough information but we will try to keep improving ourselves quarter on quarter. We welcome your inputs on this also. Thank you so much.

Moderator we can conclude them Concall.

Moderator

Thank you so much everybody for joining us for this meeting. The meeting has now been concluded. Once again thank you so much everybody. For the people who had the questions or the follow up questions or still have the hands raised we can have you emailing the questions and those can be answered. Thank you so much everybody once again for joining us today at this meeting. Thank you.

Mr. K. S. Venkatachalapathy (Chief Financial Officer)

Thank you.