



Venky's (India) Limited

Regd. & Corporate Office :
'Venkateshwara House', S.No. 114/A/2,
Pune-Sinhagad Road, Pune-411030, India.
Phone : 020 - 71251530
Fax : 020 - 2425 1077, 2425 1060
www.venkys.com
CIN : L01222PN1976PLC017422



Date: 9 February, 2021

Mr. K Hari
The National Stock Exchange of
India Limited,
'Exchange Plaza',
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051.

The General Manager, DCS-CRD
Corporate Relationship Dept.,
Bombay Stock Exchange limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001.

Dear Sir,

Subject: - Transcript of Conference Call held on 5 February, 2021.

Please find attached herewith the transcript of the conference call for investors and analysts held by Venky's (India) Limited on Friday, 5th February, 2021 at 02.00 P.M. IST.

Kindly take the said information on your record and acknowledge the receipt.

FOR VENKY'S (INDIA) LIMITED

ROHAN BHAGWAT
COMPANY SECRETARY &
COMPLIANCE OFFICER



Encl: As above



“Venky's India Limited Investor Conference Call”

February 05, 2021



ANALYST: MR. ANIRUDDHA JOSHI - ICICI SECURITIES

**MANAGEMENT: MR. N. K. TOSHNIWAL - GENERAL MANAGER OILSEED
SEGMENT - VENKY'S INDIA LIMITED
DR. VIJAY TIJARE - GENERAL MANAGER POULTRY
SEGMENT - VENKY'S INDIA LIMITED
DR. P. G. PEDGAONKAR - POULTRY SEGMENT -
VENKY'S INDIA LIMITED
MR. DEEPAK KHOSLA - GENERAL MANAGER AHP
SEGMENT - VENKY'S INDIA LIMITED
MR. J. K. HANDA - CHIEF FINANCIAL OFFICER -
VENKY'S INDIA LIMITED
MR. ROHAN BHAGWAT - COMPANY SECRETARY -
ACCOUNTS AND FINANCE - VENKY'S INDIA LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to the Investor Conference Call of Venky's India Limited hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Aniruddha Joshi from ICICI Securities. Thank you, and over to you!

Aniruddha Joshi: Thanks Lizanne. On behalf of ICICI Securities, we welcome you all to first ever Investor Conference Call of Venky's India Limited. As you all know, Venky's India is one of the pioneer companies in the poultry business in India. It has created strong competitive advantage via R&D, strong investment in branding, sales, marketing as well as distribution. It has also developed forward integration in the ready-to-eat chicken products. I congratulate them at this moment for reporting very strong set of numbers in Q3 FY'21 results considering the backdrop of COVID and impact on the HoReCa sector. From the company's side we have with us today Mr. N. K. Toshniwal - General Manager Oilseed Segment, Dr. Vijay Tijare - General Manager and Dr. P. G. Pedgaonkar from Poultry Segment, Mr. Deepak Khosla - General Manager from AHP Segment, Mr. J. K. Handa - Chief Financial Officer, and Mr. Rohan Bhagwat - Company Secretary from Accounts and Finance. Now, I hand over the call to Mr. Rohan Bhagwat - Company Secretary for his initial comments and introduction, then we will begin the Q&A session. Thanks and over to you Mr. Rohan.

Rohan Bhagwat: Thank Mr. Aniruddha Joshi. A very good afternoon and thank you all for joining us today for Venky's India Limited Conference Call. I hope you all have gone through the investors information and the financial results for the quarter ended December 2020 which have been uploaded on our website as well as the stock exchange's website. Today we have with us the unit heads to answer all your queries in respect of their respective segments and the area of operations. Before we start discussing the company's performance, I would like to mention that some statements made during today's discussion may be forward looking in nature and may involve risks and uncertainties. After the end of this call, in case you have any further questions, please feel free to reach out to the investor relations team. I will now handover the call to Mr. J. K. Handa our CFO to make the opening comments. Over to you Mr. Handa.

J. K. Handa: Good afternoon and a very warm welcome. I am Jeevan Handa, CFO. I am pleased to interact with all of you on the Venky's Earnings Call. I hope you have gone through the results and the related details. Venky's has registered good performance for the quarter. The



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poultry and poultry product segments registered a good growth of 13.24%, whereas in total it is 5.84% for the quarter as compared to the corresponding quarter last year. Profits before tax has been significantly higher due to improved realization from the sale of the old chicks and grown up broiler. The animal health product segment performance has been good. The oilseed segment performance has been satisfactory. The Capex program undertaken during the last year for the expansion of SPF eggs capacity and setting up of third solvent extraction plants in vegetable oil refinery has been completed. Full benefits of these projects will be reflected in the next financial year onwards. On the borrowing front, the company has further brought down the term loan and working capital limits during the quarter which has helped to reduce the interest cost. On the cash flow front, during the nine months ended 31st December 2020, we have generated net cash flow from the operations of about Rs.216 Crores which was utilized towards reduction in bank borrowing, new capital expenditure of projects, and reduction in prices as well as buildup of inventories. Company's debt equity ratio has improved from 0.36 as of 31st March 2020 to 0.20 as of 31st December 2020. As regards impact due to COVID 19 pandemic after facing several challenges in the initial few months I am pleased to mention that Venky's business segments are back in track and presently we have reached almost pre-COVID operations level from business volume point of view. Bird flu is another factor which has temporarily disrupted the poultry product segment during January 2021. The realization from the sale of the old chicks and grown up broilers had gone down, but it is on the way of recovery. Presently, there are indications that the negative impact is gradually coming down and we expect that the overall situation in terms of sales volume and the realization will improve. The improvement is already visible as the prices of grown up broilers have gone up from the low of Rs.42 per kg to Rs.60 per kg in the northern states. Similarly, the day-old chick prices have improved from the low of Rs.15 to Rs.25 per chick. More on the bird flu impact from technical perspective will be explained by Dr. P. G. Pedgaonkar when questions on the subject come up. With this briefing on the financial performance, we now would like to answer your queries. You may please go ahead with your questions. Thank you.

Moderator:

Thank you. Ladies and gentlemen, we will now begin the question and answer session. Anyone wishing to ask a question may please press "*" and "1" on the touchtone telephone. If you wish to remove yourself from the question queue you may press "*" and "2". Participants are requested to use handsets while asking a question. Ladies and gentlemen we will wait for a moment while the question queue assembles. The first question is from the line of Kalpesh Gothi from Valentis Advisors. Please go ahead.

Kalpesh Gothi:

Good afternoon Sir and congratulations for a very great set of numbers. This is our maiden con-call, hope this event will continue every quarter. My first question is related to bird flu.



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What is the outlook for the poultry segment for Q4 especially after the bird flu and can you give your view on the bird flu impact on our company specific?

Dr. P. G. Pedgaonkar: Thank you for this question. Because this question is a generalized question and that represents question related to bird flu and concern related to bird flu. We say that bird flu is not at all new as far as India is concerned because for the last so many years every January and February this bird flu incident has been reported. From technical perspective if you see in bird flu, the migratory birds are most susceptible and they are free in movement, of course many of the times they are carriers and they get in contact with the birds which are from unorganized sector or desi sector. Third are the birds which are susceptible in terms of susceptibility, chronology, and fourth comes is the aged birds which are more susceptible like layer bird or broiler breeder, and last comes the commercial broilers. However, if you talk about the overall impact of bird flu, the impact of bird flu to the poultry industry will be different and impact of bird flu as in Venky's per se will be different. We say so because if you talk of Venky's, Venky's has got almost 46% to 48% of the poultry turnover and rest of the turnover comes from another segment like oilseed segment or AHP segment. In poultry segment also there are different segments like SPF, processed food, and then commercial chick sales, broiler chick sales, and grown up broiler birds. As a consumer or as a newsreader, definitely it is a matter of concern who reads that the broiler bird prices have gone down from Rs.80 to Rs.45 or Rs.50. However, if you talk from Venky's perspective, the grownup broiler bird segment is not at all 100% segment as in Venky's and it is not even 46% of the poultry because it is coming less than 50%. As far as poultry industry's impact of bird flu is different and Venky's India Limited impact of bird flu is completely different. As far as the prices are concerned, I am sure that the usual phenomena in past if we see that whenever such kinds of incidences of bird flu or any kind of shock comes, after one-and-a-half months to two months the overall prices have gone up and that is the past history as per the records.

Kalpesh Gothi: Okay. No question related to this. The price you said that after the event occurs the price goes up, that was what we exactly saw after COVID. The price dipped and then again they shot up. My question is related to volume. Is our volume impacted during January or any of our farm was closed for a period of few months or a few days?

Dr. P. G. Pedgaonkar: As far as poultry cycle is concerned if you see whatever production comes in the month of January is already placed one-and-a-half months back and that crop has come for maturity in the month of January. So, also whatever we are placing in the month of January, that crop will be ready exactly after 40 to 45 days, so the impact of availability of those birds will



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come at the far end of February. As far as our placement in numbers are concerned, actually it cannot get abruptly changed because of any kind of incident.

Kalpesh Gothi: Okay, so by that time the broiler price will recover. My second question is related to why soya segment profit is low for Q3 and whether the low profit will continue in Q4?

N. K. Toshniwal: The soya profits are not low. They are consistent if you look at the overall situation of the soya beans. The turnover is more and the profit has been comparatively better. The soya beans profit is normally derived on the basis of processing what we do. In the month of November and all because of the holidays, effect was there on the processing. Profits are based on the amount of seed we crush and applicable for that. The consistency of the soya beans profits is maintained. I am confident and hopeful that same consistency will be maintained in the fourth quarter also.

Moderator: Thank you. The next question is from the line of Akshay Satija from Alpha Invesco. Please go ahead.

Akshay Satija: Good afternoon Sir. Congratulations on pretty decent numbers. I just had a few questions. Could you help me with volumes and value for DOC broiler and layers nine months and for FY'20?

J. K. Handa: The volume related to DOC for the period ended April to December you are asking?

Akshay Satija: Yes from April to December and last year for DOCs for layers and broilers.

J. K. Handa: For the period April to December 2020 versus April to December 2019, the volume was definitely impacted because the period was COVID 19, so not much replacement in terms of broiler chicks as well as layer chicks, no movement of stock, no movement of manpower and all, so that was affected until June. But July onwards again volume has started coming back to the broilers as well as layers, September, October, and November and now it is coming back to normal. Only in January it was again affected due to bird flu but until December it was back to the original volume which was pre-COVID in regard to layer chicks DOC as well as broiler chick DOC.

Akshay Satija: If you can just roughly share what is the volume number? We used to actually share it in our annual report 2017, so if you could just share the volume numbers for 2020?



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J. K. Handa: Average number for broiler chicks was 7 Crores 85 lakhs from April to December 2020, for layer chicks it was 5 Crores 17 lakhs, and grown up birds was 4 Crores 96 lakhs. The last year data is already available in the financials.

Akshay Satija: Okay. Sir one more question I had regarding your poultry feed. Could you help me with what sort of formulation do we have for poultry feed? What is the proportion of maize and soya for the poultry feed that we manufacture?

J. K. Handa: In the poultry feed, basically it is a combination of different materials, but on account of energy part or on account of protein part it is a mix. For example, on account of energy, it may be of maize, it may be of bajra or any other element which is forming a part of energy. Similarly on account of protein, it may be soya or it may be other rice gluten oil and all, different combinations are there which are varying from month to month, depending on the weather conditions and all.

Akshay Satija: Okay. One last question Sir, cost of raw materials consumed reported as 593 Crores. I just wanted to understand what the key raw material is here. Is it mainly soya, maize or whatever the synergy of protein source that we have or that number also includes some purchase of broilers from our parent company or outside?

J. K. Handa: The cost of raw material consumed for the period ended December 2019, nine-month period is Rs.14 Crores 65 lakhs against the last December 2019 of 19 Crores 17 lakhs. The reduction in the cost of material is basically on account of maize as well as other ingredients like even soya. The prices were not so high as in the last year. Even the consumption was also down in the first quarter April, May, June. So the numbers on account of raw material consumed is on the lower side if we compare nine months this year versus nine months last year, on account of rate part of maize and soya as well as the quantity consumed is also on the low side.

Akshay Satija: I understand that, but the question I am asking is the cost of materials consumed for nine months is reported as 14.65 Crores, excluding the purchase of biological assets and stock and trade and change in inventory, excluding all of that I just wanted to understand how much is towards the animal feed from this part, maybe 60% or 70% cost towards the animal feed production and the rest is purchase of broilers or parent breeds, I just wanted to understand that?

J. K. Handa: Yes, the cost of material consumed includes all feed ingredients as well as parent broiler chicks which are required for the buildup of inventory and all medicines and amino acids and all.



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Akshay Satija: Okay. Final question, on animal health segment could you give us a rough cost? How much cost is required? How much of animal health is required per bird? If I have to look at its Sir we sold somewhere 9 Crore grownup birds, so how much animal health cost per bird is required?

Deepak Khosla: In case of animal health we have actually three different categories, the breeders, the layers, and the broilers. Apart from that, it depends on the requirement of the particular moment. May be a treatment cost or regular formulation, so this can vary. There is generally no fixed cost for that.

Akshay Satija: How much would be the regular cost except for the vaccinations for treatment?

Deepak Khosla: Generally what we see in the broilers, Rs.1 per bird is the average cost per month for the animal health.

Akshay Satija: Okay, and we are self-sufficient in that or we do buy some from outside, or is it we are self sufficient and we sell the rest in the market?

Deepak Khosla: As far as the group of companies are concerned, Venky's has a full product line which can sufficiently take care of all the in-house requirements, 75% to 80% of requirements are filled by the group company pharmaceuticals.

Akshay Satija: Okay, Final question. if you could throw some light on the related party transactions. I think 40% to 50% of our sales is inside the group and even purchase of raw materials is heavy. If you could just throw some light on and give us some idea of what is happening there?

J. K. Handa: As for the interrelated transactions within group companies, Venky's is selling soya feed meal to all the group companies and similarly AHP segment is also selling the product to all the group companies and on the similar line Venky's is also buying the broiler parents and layer parents from the group companies, and at some places seed is being sold as well as purchased in group companies also, where we have the feed mills, like Venky's having the feed mill for captive consumption, if they do not need the feed, but wherever their presence is there but they do not have the feed mill infrastructure in that case the feed mill is purchased from the group companies only. Similarly, the vaccines, vaccine is being purchased from Venkateshwara Group of Companies by Venky's all around because that is the division with VHPL only. Similarly, poultry group transaction is between the group companies.



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Akshay Satija: Okay, so no DOCs or broilers are sold to another group companies or parent, just wanted to clarify?

J. K. Handa: Again, the similar case of feed, in case Venky's presence is there and having the production facilities and having the order, selling the DOC from their own resources only. Wherever they are having the order but there are not having the manufacturing facility, they may think trading of chicks for layer as well as broiler just to fulfill the marketing requirement, but that is very much minimal because wherever the territory area is out of Venky's they are having the production facilities and in very rare case they are buying the layer chicks as well as broiler chicks from the group company.

Moderator: Thank you. The next question is from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.

Aniruddha Joshi: Considering this is the first call, I would like to ask certain questions for everybody. You just indicate the market size of poultry market in India, then what is the growth in the market? Also India per capita consumption of chicken and eggs is relatively low, so what are the figures that will drive the growth and is it changing in the past five or 10 years, then also indicating about the organized and unorganized ratio because large part of the industry is in a way unorganized in both poultry field as well as absolute poultry products, so how is the organized to unorganized ratio? Which are the key players, Venky's is one and what are the other players in India? Again, emergence of QSR, quick service restaurants, has in a way again is driving the demand for out of home, so how do you see the out of home demand shaping up and in general how is the chicken consumption happening in house as well as out of house? These are my questions.

P. G. Pedgaonkar: These are different questions, so I will answer one by one. As far as poultry market and size of poultry industry is concerned in India, we have to consider the food habit at present what is there in Indian food culture. Almost 70% of the food habit as of now recorded by Government of India is non-vegetarian eater and 30% are vegetarians. So accordingly proportion of non-veg to veg is concerned it is 70:30. Second part is total industry size is concerned, it is growing every year to the tune of 8% to 10% and as of now as far as broiler industry is concerned it is 75,000 to 80,000 Crores turnover per year. As far as layer industry is concerned, it is approximately 45,000 to 50,000 Crores turnover per year. So, both put together this industry size is 1.4 lakh crores turnover, as far as the total turnover is concerned. Coming to per capita consumption, every year per capita consumption is growing steadily and as of now we are sitting at 4.5 to 4.6 kg of per capita consumption. If we compare this with the developed nations, the developed nations are 40 kg plus. In the developing nations, they are approximately 11 kg and if we take world average, the world



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average states that 14 kg of chicken consumption is average chicken consumption of the world. So, we are only one-third as far as world average is concerned. Coming to per capita consumption of egg right now whatever India has recorded, it is 75 to 76 eggs per capita consumption. That also stands even one-third of if you talk about world average or the developed nations and the developing nations. So, there is a lot of scope as far as chicken consumption and egg consumption is concerned and it is a long way to go as far as building the production capacity and fulfilling the requirement of growing sector and growing consumption of chicken and eggs. Your second question was organized to unorganized ratio. Recently Government of India has published a data wherein they have completed the survey of All India Poultry, wherein now it states that almost 78% of the production is coming from the organized sector and 22% of the production is coming from the unorganized sector, which are called as backyard sector or desi bird. That is the proportionate as far as organized to unorganized poultry is concerned. As far as key players are concerned, I will handover to Dr. Tijare because your next questions were related to QSR and who are the key organized players as far as processing is concerned, and over to you Dr. Tijare.

Dr. Vijay Tijare:

Good afternoon. In processing of the chicken what we record is 95% of the broilers are sold as a live broiler for the live market or wet market. Around 5% of the broilers are processed for the processing and for further processing. The key players in the processing along with Venky's is also Venkateshwara Hatcheries Private Limited and then we have Godrej Tyson, we have Sumeru, and newly introduced is CP, and Baramati Agro. These are the national players. Along with national players, there are various regional players also in this sector who are producing raw chicken or deboned meat or also further processed products. The emergence of QSRs, yes, there are a large number of QSR already present in India. Naming few QSRs we have KFC, we have Pizza Hut, we have Burger King and then we have Taco Bell, we have McDonald's, these are the few leading companies and Venky's is proud that we are the prominent suppliers to the quick service restaurant chains like KFC, Pizza Hut, Burger King, McDonald's. Practically, majority of the QSRs are being served by our group of company. Have I answered your questions?

Aniruddha Joshi:

Yes, many thanks for that. What are the growth strategies that the company is looking at maybe from a three-year perspective or five-year perspective, do you have any growth plan or growth vision in mind that you want to reach to X turnover or you want to steadily grow the business by X percent or you have any market share target, what is your current market share and where you want to look at the market share after a period of five years?



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Dr. Vijay Tijare: As my colleague as expressed to you that we experience a growth potential in the market for the broiler chicken to around 8% to 10%, but as you are aware there are very good opportunities for exports in the processed food sector because of the harmonization in India, the consumers are looking for the convenience and there is a large middle class population in India, and very good retail marketing has been established in India with good food chain. With that, we are looking for a good jump in the processed food sector and what we expect is that there should be minimum 25% growth in the processed food sector other than the QSR sector which is only for the retail market, so that is our thought process. In continuation to that, we are also supporting the consumer demands by developing certain new products on a regular basis. Earlier we started with breaded products in chicken sector like chicken nuggets, chicken burger patties and others. Now we have come up with a range of easy to cook or ready to eat products which are completely cooked products and they are available to the consumers like butter chicken or chicken masala, these are the ready products available to the consumers. So, we are heading to a sector which is the demand of the consumers and our marketing team conducts regular survey with the consumers for their demand and we are developing products from our R&D on a regular basis in tune with the demand.

Moderator: Thank you. The next question is from the line of Awanish Chandra from East India Securities. Please go ahead.

Awanish Chandra: Congratulations Sir on a great set of numbers and thank you very much for starting this conference call practice, hope it will be continued. Sir, my first question is the company has earlier announced their plan to increase fast food outlets, so how many are there now and what is the target for the next two to three years in this business?

Dr. Vijay Tijare: As you are aware, Venky's started with the restaurant chain for Venky's Chicken Xpress and these are the take-away joints which we started on an initial basis and we got a good response to this and then we started with a new concept of joining franchisee to partner with our business and now we started a franchisee business in the name of Venky's Chicken Xperience, so these are the new outlets. We have presently around 17 outlets of Venky's Chicken Xpress and 56 outlets for Venky's Chicken Xperience. Now, these franchisee outlets we have planned to have expansion like in the Western. West side we will have an expansion from almost 2.5 times in this coming year. Similarly we have expansion plans lined up for the north. In the north we have a good presence of these outlets, so we will be expanding also, in the north we would double, and similarly for east and south. So, we have expansion plans lined up as for the regional visits everywhere and our target would be A grade cities and B grade cities for this expansion part.



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Awanish Chandra: Okay, Sir your Capex plan in each of the business segment for the next two to three years and where we are at the capacity utilization in each of the business segment, if you could just highlight in each segment capacity utilization and Capex plan?

J. K. Handa: In regard to capital plan, already in the year 2018-2019 and 2019-2020 we have incurred two projects for SPF project expansion as well as for soya extraction plant. Those expenditure plans are already completed and we are having sufficient production facilities in our hand at all of our manufacturing units, so as of now from here to the next three years roughly 40 to 50 Crores will be the capital expenditure every year for 2021-2022 and 2022-2023, which will take care of existing operations, units where capitalization is needed, but we are having sufficient production facilities all around in terms of broiler chicks, in terms of layer chicks, in terms of soya extraction plant, feed mill, SPF as well as AHP. As of now for up to three years, 40 to 50 Crores every year would be the capital expenditure. Capacity wise if you see as of December 2020 layer parent and broiler parent capacity is used to the extent of 70% to 75%. Similarly as of feed mill 75% because it is backup with LP and BP. SPF facilities to the extent of 59% utilization because very recently we built up a new capacity. AHP powder section is utilized to the extent of 80%, 20% is still left out and similarly AHP liquid section is to the extent of 71%. Food processing is 50%, soya extraction is to the extent of 65% capacity utilization and again in soya DOC is to the extent of 83% as well as refined oil is to the extent of 95% utilization. So, all around in different segments we are having the capacity utilization and then available capacity to take care of the marketing requirement for the next two to three years.

Awanish Chandra: Okay Sir understood and this quarter we had hit 100 Crores plus profit. How as a team you are confident that at least this run rate would be continued in coming quarters?

J. K. Handa: Yes, this will be continued in the next quarter also but at the same time there are sometimes volume-related issues and all. Those things will be there, hopefully we will be doing better than last year and maybe the year before last year also. We are trying our best because in our production facilities, capacities are available. In January, we maybe had a hit for 15 to 20 days, but that effect is also gone, so hopefully we will utilize our capacity to a greater extent.

Awanish Chandra: Okay and one last question from my side, you have already explained bird flu factor. Apart from these kinds of bird flu factors, what exactly are the other risk factors that you account in your business, especially on the poultry side?

Dr. P. G. Pedgaonkar: As far as livestock is concerned, this livestock industry has grown and matured to such a level that all the kinds of risks are analyzed properly and those risks are being taken care of



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by prevention. We always believe that prevention is the best method to control any eventuality and we are well prepared as far as prevention plan is concerned. So, vaccination is one of the most important and effective tools for prevention of all the kinds of diseases. As far as bird flu is concerned, of course vaccines are international strategy, however, as per the strategy of Government of India as of now vaccination is not allowed, so that is the only reason because of which against bird flu the birds are not vaccinated; however, all other risks which are already there or which were there those were all taken care of properly and all the vaccines are available as far as preventing any kind of eventuality or risks related to disease is concerned with regard to broilers and with regard to layers. So, we are well equipped and if Venky's cannot do then on a very lighter note or you might take me over-confident that is our strength because of the infrastructure and the kind of lab support we are having, definitely we are sure that any kind of eventuality or any kind of risks we are well prepared with those kinds of infrastructure, thank you very much.

Moderator: Thank you. The next question is from the line of Hitesh Mahida from HDFC Life. Please go ahead.

Hitesh Mahida: Sir on the profit rendered of 100 Crores which we have been maintaining in the last couple of quarters, which we have sort of revived from what we did in Q3 and Q4, what has led to this revival and what should be the run rate going ahead as far as top line and bottom line is concerned?

J. K. Handa: In regard to the top line, we are very well equipped with our production facilities which are available at all the units with regard to all segments, so capacity percentage utilization is already explained and we are having sufficient scope to meet the marketing requirement in case it is there, so we will be utilizing those facilities or capacities for the volume of layer chicks, broiler chicks, rather of all the segments, AHP, soya, and all. If those things are there, we will be definitely in line with our earlier quarter's performance or corresponding quarter in regard to the top line. Similarly, the bottom line would also be there. Reasons for increase in the profit is mainly due to the poultry segment which has exceptionally performed to the greater extent because of prices of realization of day old broiler chicks, day old layer chicks as well as the commercial broiler birds were very good in the last quarter, so that was the reason poultry has performed excellent. Similarly, those numbers will be continued, even in the December quarter if you see 13.24% is the turnover increase. Similarly in the animal's product, it is 8.85% is the growth over the last corresponding quarter and similarly in oil seeds, however, it has not performed in line with the last quarter but has given a good growth. Poultry itself has given a wonderful growth in the top line as well as in the bottom line which has made 100 Crore profit.



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Hitesh Mahida: Okay. Sir, how do you see these realizations going ahead considering the scare of bird flu and all, has it had any impact on our realizations or volumes? How do you see the trend going ahead?

J. K. Handa: Yes, bird flu has impacted in the January month January volumes were affected and realization was affected due to this, but that has also now slowly getting over, hopefully we are back to the prices, like for broiler birds it was Rs.40 to Rs.42, which has come up to the level of Rs.60, so slowly we are coming up with price realization after this bird flu, hopefully again in the month of February again the festivals are also there which will drag the numbers as well as the realization is a big way positively.

Hitesh Mahida: Okay. The run rate of 100 Crores, how do you see this going ahead in the coming years?

J. K. Handa: For the forthcoming quarter or forthcoming period, we are hopeful of better numbers over the previous period, but we are not having any specified numbers for those things, but we will be definitely performing better than the previous period.

Hitesh Mahida: Okay, and Sir as far as promoter Group entity is concerned, how is the bifurcation done within, I think you guys doing north and the listed entity does in north and west and the unlisted entity does business in south, is that how it works?

J. K. Handa: Venky's has very geographical demarcation in northern states covering 11 states, starting from Jammu and Kashmir to Bihar we are covering 11 states. Similarly, Venky's is also coming in the west area covering Maharashtra, Gujarat, and Madhya Pradesh. We are having almost 14 to 15 states catering the marketing requirement of poultry and poultry-related products all around.

Moderator: Thank you. The next question is from the line of Shalini from Quantum Securities. Please go ahead.

Shalini: Good afternoon Sir, congratulations on fantastic results. I had a couple of questions. I first wanted to understand you were talking about a lot of growth in your Venky's Express, basically in the processed food business. On my last interaction, you people had indicated that that business is actually not really attractive, because you are not really able to make profits, so what has changed now?

Dr. V.R. Tijare: Of course, this is in a very relative term. When you say that it is not really that much profitable, but it is a profitable business and when we say it is a profitable business, as I expressed to you in earlier communication, first we started with Venky's Express and now



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joined hands with our franchisees who are partnering with the business, they are making profits. They are maintaining their profits and this profitability definitely is there. This gives us a good scope for expansion because when our partner is also making profits this is a good win-win situation, and we are able to produce the products which are required to them, even the consumers prefer the products and they are giving good response to these types of stores.

Shalini: Okay and if you could just speak about what is the volume growth in the quarter in poultry as well as oilseeds?

J. K. Handa: As far as the broiler chick as well as the layer chick numbers are concerned, this year Venky's has touched almost 4 Crores 40 lakhs layer chicks which is likely to be there in 2021-2022 to the extent of almost 4 Crores 80 lakhs. Similarly, in case of broiler chicks which are being placed well, we are having almost 11 Crores for Venky's to the market in 2021 which is likely to be almost 13 to 14 Crores depending on the marketing requirement and production facility which we are going to touch. Similarly in the soya plant, we are having a new plant in place, so we are hopeful to generate more volume, maybe next year, because this year we may not be having the impact but 2021-2022 will be having the impact of almost 500 Crores business volume on account of soya.

Shalini: I was asking what is the volume growth in this quarter if you can give me y-o-y figure like 10% or 15% or 20%, for oilseed business as well as poultry, it will be very helpful?

J. K. Handa: For December quarter, the growth is 5.24% in terms of the turnover which comprised of 13.24% in the poultry and poultry products, animals is 8.58%, and oilseed is a little on the lower side but in the forthcoming quarter we are likely to have a similar number of 8% to 10% in the poultry and poultry products and animal health products to the same extent of 10%, and oilseeds to the extent of 5% growth over the last quarter.

Shalini: The volume growth figure for the quarter for poultry would be how much, I didn't get that figure correctly?

J. K. Handa: Volume growth is to the extent of 10% in the forthcoming quarter.

Shalini: No, in this quarter volume growth.

J. K. Handa: Usually Q2 as you all are aware there are some religious festivals and because of which the number in Q2 is usually less. However, if you compare Q2 number with comparison of Q3 number, there is a big jump as far as growth is concerned, if you compare Q2 growth to Q3



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growth. As far as this year is concerned, there was a big difference which was stated in Q1 and the Q1 volume was very less because of different reasons and that too related to lockdown and COVID-related issues, which were made up and if you compare this Q3, the volume is almost coming back to pre-COVID level.

Shalini: So, it is coming back to the Q3 of FY'20.

J. K. Handa: Yes.

Shalini: Okay, basically in oilseeds?

N. K. Toshniwal: The same thing will be there in oilseeds because the soya bean crops start from October onwards. The new crop will start from October onwards so October to March is basically the peak period of the processing.

Shalini: Sorry, basically in poultry we are saying that the y-o-y volumes are flat, but this 13% growth that we are seeing in poultry is driven by higher realization, is that correct?

J. K. Handa: Yes.

Shalini: Okay. In oilseeds my problem is that y-o-y oilseed prices are the same, but we have seen a decline of 3% in the turnover, so what is the reason?

N. K. Toshniwal: The reason is that crushing is less, actually we are basically soya bean crusher and then find the edible oil. So crushing was a little bit down in this period that is why the turnover is down.

Shalini: Okay, my last question, nowadays we find a lot of meat which is vegan meat or whatever, and the world is moving towards veganism, how much do you find this kind of trend in your business?

Dr. V. R. Tijare: As explained by my colleague earlier, as per the Indian statistics, about 70% of the population in India is non-vegetarian and 30% population is vegetarian. This is one side of the population. Now, another story is developed countries are having a per capita consumption of chicken around 40 plus and the world average is coming to 14 kg, and we are about 4.5 kg. We expect a good growth in the consumption pattern, which is basically the people preferring non-veg and among the non-veg they curtailed down the red meat and they are going for the chicken meat only for the reason being nutritional value of chicken, that is one concern. A lot many new people will be joining in the consumption and we



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expect to be good. Now, when you say that lab grown meat or plant origin meats, these are the products which are already there in India. It is very premature to comment upon them what will be the future of these concepts. Now people are evaluating on various sides. One is nutritional value and the second one is very importantly the cost of these products. I also referred on the same parameters that what would be the cost of lab grown meat and the plant grown meat. I expect it to be on the higher side, but of course we will have to wait for some time till the time this product is pulled out in the market and then it can be compared. Till that time, it is very difficult for me to comment upon that.

Moderator: Thank you. The next question is from the line of Depesh from Equirus. Please go ahead. Sir your voice is not clear. Ladies and gentlemen we have lost the connection. We will take the next question from the line of Anurag Patil from Roha Group. Please go ahead.

Anurag Patil: Thank you for the opportunity, for this Venky's Express and Experience segment, what is the revenue contribution for nine-month period?

J. K. Handa: The poultry and poultry products include the segment of Express also. This segment has given us a good number of bottom line. In the quarter December 2019 it was having a loss be of poor realization, but in this quarter it has given a good number to the extent of 117.76 Crores bottom line figures.

Anurag Patil: In terms of revenue contribution, can you give me a ballpark number, approximately?

J. K. Handa: In the poultry and poultry products margin percentage, out of this Express or food is related 2% to 5% is the contribution.

Anurag Patil: Okay, for full grown bird and chicks, what will be your typical cost of production on an average, any ballpark number if you can help with?

Dr. P. G. Pedgaonkar: You are asking about broiler cost of production, right. As far as cost of production of broiler is concerned, there are basically three segments under that. One and important is chick cost, the second is feed cost, and third is the medicine plus management cost, all of that put together the only thing which is most fluctuating sometimes is the feed cost. So if you compare the current cost of production of broiler it is coming around Rs.61 to Rs.66 depending on the performance and productivity of the broiler, so that is the range for cost of production of broiler from a well-managed farm.

Moderator: Thank you. Ladies and gentlemen, that is the last question. I now hand the conference over to Mr. Aniruddha Joshi for his closing comments.



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Aniruddha Joshi: Thanks Lizanne. We thank the management of Venky's India Limited for interacting with the investor and for an extremely insightful discussion. Now I handover call back to the Venky's team, Mr. Rohan Bhagwat for his closing comments. Thanks and over to you Sir.

Rohan Bhagwat: Thank you Mr. Joshi. I will just hand over to Mr. Handa for his closing comments.

J. K. Handa: Thanks everyone for attending the first con-call of Venky's. We hope we have answered all the questions. As I mentioned in the beginning and explained further in detail, we are reasonably confident that the worst is behind us as far as COVID pandemic and bird flu effects are concerned. All our business segments are performing well and we hope a steady growth in the years to come. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, on behalf of ICICI Securities that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.