



Venky's (India) Limited

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Date: 9th November, 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 2nd November, 2021.

Please find attached herewith the transcript of the conference call for investors and analysts held by Venky's (India) Limited on Tuesday, 2nd November, 2021 at 02.30 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
Q2 FY2022 Earnings Conference Call”

November 02, 2021



ANALYST: MR. ANIRUDDHA JOSHI -ICICI SECURITIES

**MANAGEMENT: MR. N. K. TOSHIWAL - 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 Venky's Limited Q2 FY2022 Earnings Conference Call 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, Sir!

Aniruddha Joshi: Thanks Stanford. On behalf of ICICI Securities, we welcome you all to Q2 FY2022 Results Conference Call of Venky's India Limited. We have with us today Mr. N. K. Toshniwal - General Manager from Oilseed Segment, Dr. Vijay Tijare - General Manager from Poultry Segment, Dr. P. G. Pedgaonkar from Poultry Segment, Mr. Deepak Khosla - General Manager of AHP Segment, Mr. J. K. Handa - Chief Financial Officer, and Mr. Rohan Bhagwat - Company Secretary. Now, I hand over the call to the management for their initial comments on the quarterly performance as well as half yearly performance, and then we will open the floor for question and answer session. Thanks and over to you, Sir.

J.K. Handa: Good afternoon everybody and a very, very warm welcome I am Jeevan Handa, CFO. Once again 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 information to investors. Venky's has registered very steady performance for the quarter ended September 30, 2021 in spite of challenges in the form of high feed cost.

Now the sales turnover has gone up by 40% as compared to the quarter ended September 2020, the profit was lower due to steep increase in the soya price. The average soya price was approximately Rs.83.97 per kg during the quarter ended as compared to Rs.36.00 per kg for the quarter ended September 2020. From the first quarter ended June 2021 the average prices go about Rs.64.35 per kg. Also about the extreme hike in per kg soya was Rs. 105 during the year until September 2021. After the permission given by the Government of India to import soybean, the prices of soybean has started coming down and as on date we quoting around Rs.48 per kg. We hope that the price should settle down around this present level barring unforeseen circumstances.

I would like to bring your attention one important phenomena relating to poultry industry. The announcement of pandemic in March 2020 the poultry industry has been regularly facing several challenges by sudden and severe drop in realization for DOC and broiler birds disturbance in supplies due to inconsistent lockdown measures by the state government, outbreak of bird flu in January 2021 and also steep rise in soya prices.



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As such after all these setbacks the poultry industry is slowly getting back to its normal business trend. We hope that the coming quarters will bring some stabilities in the industry. More on this will be explained by Dr. P. G. Pedgaonkar when questions on poultry segment performance 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 very much Sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Akshay Satija from Alpha Invesco. Please go ahead.

Akshay Satija: If you could please help with volume numbers of broilers and layers sold for the first half?

J.K. Handa: Sorry come again please.

Akshay Satija: If you could share the broilers and layer numbers volume shared in first half?

J.K. Handa: First half okay that is for September 2021. During the first quarter ended September 2021 we sold 5,79,00,000 broilers 5,67,86,869 broiler chicks and layers is 2,98,00,000 chicks as against previous quarter with a 1,44,00,000 chicks.

Akshay Satija: Thank you. If you could also share what quantity of processed food did we share in terms of some?

J.K. Handa: The processed chicken it was a 20,10,780 kgs were sold in this quarter the first year whereas last year it was 12,06,000.

Akshay Satija: Got it that is it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Dhruv Kashyap from Mart. Please go ahead.

Dhruv Kashyap: My first question was on this entire steep increase in the input cost of soya seeds now my understanding is that we also use our own internal captive soya seed which sort of comes to us from the three units that we have and it is sort of a byproduct so if we have our own captive are we that impacted by the external prices prevailing and as a follow up to that itself if you could just repeat what were the prices in June quarter, what were the prices in September quarter and what are the prices prevailing today because your voice was very clear when you said it in the opening remarks. Thanks.



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- N. K. Toshniwal:** We have the three plants for our captive consumption but again these are all related to market forces because this plant also have to buy the soya seeds from open market only which is again a market driven and this year was one of the very challenging year in the recent past because the one thing it is speculative at the indexes the exchange and second thing the crop was also very less because of the last year's rains were not very regular so it was a challenging year. Last year around that prices were around Rs.45 or Rs.50 a kg but this year it went up to Rs.105 a kg and presently the prices are between Rs.42 to Rs.43 a kg and we expect that for next few months the same prices are likely to prevail upon.
- Dhruv Kashyap:** So you are saying in the first and the second quarter it peaked and now hopefully it has fallen of the peak and it is somewhere between 40 and 48 now and likely to remain there for the next few months hopefully?
- N. K. Toshniwal:** Yes. This year the crop seems to be quite better than the past so I think things will be better.
- Dhruv Kashyap:** So hopefully the margin picture from Q3 and Q4 which is also very big volume period for Venky's should hopefully the margin pitchure should look a lot better?
- N. K. Toshniwal:** Yes definitely.
- Dhruv Kashyap:** Sir my second question is that is Venky's Express both the company owned and the franchise model is it profitable?
- Dr. Tijare:** Yes, see because there are two sectors now as you had rightly said Venky's Express is a company owned business where we have a different range of a products which we offer to the customers and along with that we also offer them the retail products of Venky's and Venky's Chicken Experience we have almost 44 franchise right now all over and all these franchises are operating as a Venky's Chicken Experience and definitely they are profitable that is the reason they are also growing and now the growth would be much better compared to last pandemic year, there was a repeat slowdown in the growth but we expect this good growth in North India and in Maharashtra and all over.
- Dhruv Kashyap:** Sir my last and final question is with regards to the consumer facing part of the overall Venky's India P&L. Would you be able to share with me that what percentage of the total business consumer is facing. So what is the B2C component of the total P&L so if you sell eggs directly or if you sell broiler chickens to consumers or consumers buy these snacks and sheek kebabs and ready to eat butter chicken so the overall consumer part of your business what is the contribution of the B2C part of the business?



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Dr. Tijare: Actually now we have to bifurcate the business in two sectors one is the part of your business where we directly sell the live broilers to the consumers or through the trader that is one sector another sector is the process food business and that process food business is around 10% of poultry and poultry processing.

Dhruv Kashyap: So that is what I meant so the branded part of the business where there is the Venky's stamped and sold to the consumer what is the direct consumer facing part of the overall P&L?

Vijay Tijare: So it will be around 5% of the total business.

Dhruv Kashyap: So that means there is a huge space to grow here because would not your brand building, your ability to command a premium, higher margins, higher realizations come when the consumer buys it right so is not that a focus area to grow and really made Venky is a big household brand?

Vijay Tijare: Yes definitely there is a good scope and we are all tuned up for the same what we had experienced during the pandemic the slowdown on the retail side will be definitely picked up and we expect that the coming next two quarters would be better on that part because the restaurants are opening, the retail stores which were blocked, the malls which were closed down all are getting released gradually in step by steps from last two months so that will definitely benefit us.

Dhruv Kashyap: Thank you so much for taking my questions and all the very best for Q3 and Q4 cheers.

Aniruddha Joshi: I have some questions. Basically in terms of you just said that the B2C part of the business is just 5% so I guess the B2C part I guess the questioner mentioned probably was looking at the product which is sold directly to the consumer. So I guess that portion Venky's is a fairly well known brand so the 5% number in a way I guess probably you are underestimating that or it might be pretty high because a large part of the consumers do buy directly Venky's products for final consumption so it might be through the distributor retailer but it is a fairly well known brand so on that account I guess that is one question and also if it is really true 5% then what are the plans of the company to in a way increase the B2C revenue share going forward because it is an extremely well known brand and I guess you have a good amount of distribution network also plus one of the largest poultry companies in India so you have in terms of backward integration as well so net-net the company has got all the right ingredients to in a way create a huge business of B2C products so what are the plan that you are working on over the next two to three years or do you see the revenue share of B2C products remaining in single digits only?



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P. G. Pedgaonkar:

Thanks for this question. Let me clarify what answered of Dr. Tijare has given about this 5% of the total turnover see if you see the growth of Venky's from last two to three years you will see that the topline growth has come basically from soya segment because of which the turnover of Venky's has gone up so when we say 5% it is 5% of the present turnover of the company and because of which it looks less; however, in absolute term if you see the growth of Venky's processing segment is consistently continuing so if you are talking only why it is 5%, the question gets answered that the total overall growth of poultry as well as oilseeds segment which has come in Venky's in past two years if you see that the maximum growth has come from one poultry segment as a live bird, poultry segment as a chick sell and third is a oilseed segment because of which the other segment of Venky's has grown too fast because of which this 5% looks bit less; however, as Dr. Tijare says that in future there is a good scope for growing this particular business and we expect that this growth will be at par with other processing segment which are coming up and definitely it will be a leading brand. Hope this question gets answered?

Aniruddha Joshi:

Yes this is helpful Sir. Sir and last question the industry suffered a lot in past 18 months one there was a COVID wave one then while the situation was improving then again that got a few in a way impacted the industry then again COVID wave two came again it impacted the industry so, so far means how do you see the situation as far as the consumption is concerned now in both that is HoReCa segment also as well as to the retail or the consumer level consumption also? That is it.

Dr. Tijare:

See as I explained to you earlier that pandemic is now getting over and hopefully now the consumers started moving into the market, consumers are out of the houses and there is a good buying and another thing is in addition to that we have usually consumption is little low in the quarter two and we expect good consumption in the coming quarters. So now this is a season. Now winter is also setting up with the winter set in the consumption of protein and protein per se and the chicken consumption, non-veg consumption this is a healthy season. So I think we can expect good consumption pattern over here. In addition to that HoReCa sector you had asked specifically for HoReCa sectors all hotels and restaurants are opened in practically almost all over India when these stores restaurants and hotels are open and government also allowed for the various functions including the marriages and private parties to be operated it in a public places or the private places this will definitely give a good boost to the business and we are hopeful for that.

Aniruddha Joshi:

Thank you Sir.



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- Moderator:** Thank you. The next question is from the line of Kaushik Poddar from KB Capital Markets. Please go ahead.
- Kaushik Poddar:** I just like to find out what the realization is, how is the realization over the quarters and what is the realization right now?
- J.K. Handa:** The realization from the broiler chicks to the tune of Rs.34 in the first half year.
- Kaushik Poddar:** Come again on this thing number please?
- J.K. Handa:** Rs.34 per bird whereas the layer chicks it is Rs.38 per bird in regard to the live bird it is Rs.90 per kg in case of live bird so these are the three broiler chicks, layer chicks and live birds realization.
- Kaushik Poddar:** Right now for the broiler it is Rs.90 per kg is it?
- J.K. Handa:** Rs.90 on an average are for first six months. As of today it varies in the west zone as well the north zone. In the north zone it is in the low side because of this September or the festival quarter the average was on the lower this kind of Rs.82.30.
- Kaushik Poddar:** How much again?
- J.K. Handa:** It is Rs.82.30 during the September quarter.
- Kaushik Poddar:** Right now it is around Rs.90 you are saying I did not get it?
- J.K. Handa:** If you see from April to September the Rs.90 per kg is for the company as a whole. If we see the current period as of today then the northern prices are down because of the festival period and for September quarter only, the average realization is Rs.82.30.
- Kaushik Poddar:** And do you see it going up over the winter months?
- J.K. Handa:** Yes, absolutely from here onwards after this Dussehra or Diwali when festival period is more less ended like Ganesh Chaturthi and all when season is getting picked up as Dr. Tijare has explained so from here onwards till March, April the prices shall be very good.
- Kaushik Poddar:** During the festival season that is less of chicken consumption is it?



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J.K. Handa: Yes, that is why the price realization was affected. Again UP, Bihar, even the rainy season also affected as well as the Chat Puja, once festival is left out, during Deepavali the prices may depend on the lower side and then thereafter it will go up and up, up till March.

Kaushik Poddar: As far as the oilseed division goes for the quarter ended June the profit was around 59 Crores I am talking about segmental profits and for the last quarter it is around 25 Crores that is a very sharp drop I mean how do you see it panning out for the next two quarters I am talking of the oilseed division?

N. K. Toshniwal: See this oilseed during first quarter we have booked the inventory profits. Because the prices have shot up like anything so whatever inventory we are sitting this also so that is why the profits for first quarter was very good and second quarter also if you compared to the last year it has been good and next two quarter also we expect that it will be doing better.

Kaushik Poddar: But will there be any inventory loss as such because the prices have fallen.

N. K. Toshniwal: No inventory losses we have booked the profits so question of loss does not come because we are not holding inventory.

Kaushik Poddar: So the profit will be around 25 Crores per quarter that is what you are looking to.

N. K. Toshniwal: No I look for more.

Kaushik Poddar: And this SPF plant what kind of capacity led utilization it has operated and what is the capital utilization you are looking for the next two quarters?

J.K. Handa: Total capacity of SPF production to the extent of 148 lakh annually whereas the April to September the production was almost 53 lakhs and the utilization was to the extent of 49%

Kaushik Poddar: And for the next two quarters.

J.K. Handa: It will be on the similar line rather that there will be an increase in the utilization.

Kaushik Poddar: Can it go up to say 70% as against 49% for the first two quarters.

J.K. Handa: May not be 70% but it is somewhere around 60% from 49% it will go up to 60% in the next quarter fourth quarter.



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- Kaushik Poddar:** Thank you.
- Moderator:** Thank you. The next question is from the line of Kalpesh Gothi from Valentis Advisors. Please go ahead.
- Kalpesh Gothi:** Sir my question is related to your can you throw some light on your future expansion plan especially in the soya segment?
- N. K. Toshniwal:** We have already started the third plant at the Shrirampur we would like it to settle down for next at least few months and see that how does it go because the COVID the things have not been pretty good in the past six months but now things are picking up so maybe after March or this thing will think about future expansion in that line.
- Kalpesh Gothi:** Sir you said the soya price has picked at 105 and now it is back to 40 so can you share what was the average cost for us in Q2?
- N. K. Toshniwal:** The average price of Q2 was around Rs.76 to Rs.80.
- Kalpesh Gothi:** So do we expect in Q3. It would be somewhere around 45?
- N. K. Toshniwal:** Yes it will be average 45 for the first Q3. It could be even little lower.
- Kalpesh Gothi:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Pranjal Garg from ICICI Securities. Please go ahead.
- Pranjal Garg:** Sir I have few questions; first of all in the past 18 months we have seen so much disruption in the industry so have we noticed any organized sector gains from unorganized market that is my first question?
- P. G. Pedgaonkar:** Yes I got your question. Your question is whether some share from unorganized sector has come to organized sector because of the disruption what has happened in past is that right?
- Pranjal Garg:** Yes Sir.
- P. G. Pedgaonkar:** It actually happens because whenever some kind of economical turbulence happen in poultry the first sector to get affected is the unorganized sector and eventually that unorganized sector are sometimes small or medium form we sometime seasonally prefer to



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get attached with the organized players and this has been happening in industry from past few years and the same trend we have seen post COVID that some portion of unorganized sector share has gone to organized sector share and because of which the percentage of organize has gone up compared to unorganized which was there up to 2019-2020 it has changed from 2021 and likely to be the same in 2021-2022 also.

Pranjal Garg: Thank you Sir. Sir can you highlight approximately what percentage is organized now?

P. G. Pedgaonkar: If you talk on all India basis usually the percentage goes to 65/35, 65% are organized when we say organized it is not purely a corporate sector or a company but it is purely even a professional farmer also who is doing his business in a very organized way and professional way he also is consider as a organized farmer so when we say organized 65% are organized farmers and 35% are unorganized when we say unorganized basically they are unorganized only on the part of consistency and continuation in the placement in case of organized sector we expect that the consistency of placement is there and in case of unorganized 35% there is inconsistency in placement or they prefer to be a seasonal farmer so presently all India basis it is 65/35, 65 organized, 35 unorganized.

Pranjal Garg: Sir my follow up question is then if 65% is held with organized sector approximately but market share Venky's control?

P. G. Pedgaonkar: See Venky's is operating in specific regions. When we talk of all India basis I have given you a picture of all India 65% and you are talking of Venky's, Venky's operates in a northern area and part of west zone so these are the two areas but when we talk all India basis there are east zone, south zone so other zones are also there so the percentage may defer if you are talking of zone to zone basis because if you talk of northern India the northern India unorganized sector is approximately 40% to 45% and rest is organized sector when you talk of south almost 80%, 85% is organized sector and 10%, 15% is unorganized sector so region to region there is a variation in percentage of organized and unorganized percentage.

Pranjal Garg: Sir can you help us with the revenue breakup region wise or state wise?

P. G. Pedgaonkar: Yes. It is not available right now but it can be sent on your mail ID if you want it on a specific region wise.

Pranjal Garg: Yes Sir that will be really helpful. Sir I have two more questions if I may first one being Venky is as you highlighted is present in 44 franchise is right now so have we added any



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new franchise in half year FY2022 and what are the plans going forward about its expansion?

Dr. Tijare: So the franchise business we had 44 and we have increasing it continuously and we have lined up and we are working on some more franchises and we expect that we should be adding by end of the year another 50 franchise operations in north and Maharashtra basically.

Pranjal Garg: Another 50?

Dr. Tijare: Yes.

Pranjal Garg: Sir my last question is as you highlighted realization shave improved but due to steep rise in prices in input inflation margins have dented but so have we taken any other initiatives as well like change in trade margin or any other actions?

P. G. Pedgaonkar: See cost competency and reduction on the cost is a continuous phenomenon so whether it is a increased prices of input cost or a reduced realization this phenomenon is a continuous process between we talk of last six months you have seen that there was an abnormal increase in input cost particularly contributed because of soya and because of which cost of production has gone up but when cost of production has gone up realization is expected to go up in a proportion; however, realization do not go up the way in which cost of production goes up abnormally so if you see first six months your cost of production has abnormally increased whereas realization also has increased but it was not to that extent what input cost have increased. So we usually take all the measures which are required to make sure that the business runs in a profit and it should match to our cost of production but when your feed component is more than 70% the increase of contribution is from 70% segment and you have other sources which are available to reduce the cost or to take care that is 30%. So there is always limitation by 70% goes up abnormally this 30% may not compensate the abnormal increase of 70%.

Pranjal Garg: Thank you so much sir that was really helpful in case I have any other queries I will get back into the queue again.

Moderator: Thank you. The next question is from the line of Dhruv Kashyap from Mart. Please go ahead.

Dhruv Kashyap: Just a couple of follow also I had so I came back in the queue. The first one is that for a company like Venky's one of the main hypothesis would be that India historically and even



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till today is largely a protein consuming deficient nation, I mean largely because we were an emerging country, we have been meeting most of our daily calories or energy requirements from cereals and carbohydrates. Going forward what kind of interventions or support or activities that you plan to do? Would you be able to include a lot more of protein in the daily consuming basket of the average Indian and that will obviously be helped by the tailwind of increasing incomes as well so I mean for example is there a large scale government tie up or intervention in terms of mid day meals providing eggs to kids or would it be that what Venky's does on its own so I am just trying to get a flavor of how do we start moving the needle on Indian's consuming more protein which will directly benefit Venky's which is in chicken and egg?

P. G. Pedgaonkar:

Very interesting question. Actually if you see we always compare India versus US and China. What US and China was from 1970 till 2020 actually their economy has grown and simultaneously protein consumption also have grown so once upon a time when they have gone to act ten times today. This particular growth comes whenever your per capita income grows. The first thing what grows is the protein consumption and that is what we are seeing from 2010-2011 onwards in India. So the way in which Indian economy is growing and the way in which per capita income is growing we are expecting that the things which will get boost is the protein consumption and if you talk of cost competency of protein with available protein basket in India you will see that eggs and chicken is always a cost component always has got a benefit of a cost component wherein you have got a lowest cost of per unit protein in terms of eggs and chicken in terms of egg it is 85 to 90 paisa per unit cost of protein and in case of chicken it is around 70 paisa to 75 paisa so if you compare any nearby protein source which comes that definitely is two times costlier than eggs and chicken so we expect in coming years the pie share of chicken and egg in terms of protein basket will go up which at present in case of chicken is around 51% in India, 51% is contribution by Chicken and rest is with other like mutton is there fish is there so all other contributes around 50% but chicken has got a maximum scope and we expect this pie to be consume around 60% to 65% by chicken and rest will come 30%, 35% in terms of eggs of course a lot of effort has been taken by associations lot of effort has been taken by organizations like NECC and organization and corporates like Venky's to make sure that eggs will get incorporated in mid day meal scheme and overall consumption will boost because of which if you see in 2000 and compare to 2020 the growth of egg is around 300% and growth of chicken is around 400% the nearest growth was in terms of milk and in terms of fruits which was around 150% to 160% so we are hopeful that coming decade will be dominated by protein and in the domination chicken and egg will play an very important role and we are working on that thanks for your question.



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Dhruv Kashyap:

Sir my second my last follow up question is that see one of the issues serve with Venky's has always been both from a company or an investor standpoint is the extreme volatility in the P&L and the balance sheet so if you go back to 2017 and 2018 Venky's touch 200 Crores profit after tax for the first time in 2018-2019 it came down to 100 odd Crores so profits halved in 2019-2020 it actually made a loss of 100 odd Crores then 2020-2021 went back to 268 Crores so far it is looking flattish in 2021-2022 I think how would an investor or anybody make a hypothesis to invest in such a volatile company because the value of the asset in literary have or double in one year's time so how do you address this concern of investors that the earnings are just to volatile to be able to have a cogent investment hypothesis.

P. G. Pedgaonkar:

Actually we are equally concern what you have pointed out in your question but if you see the kind of work Venky's has done in last two to three years you will see that the volatile segment has in percentage slowly coming down and nonvolatile segment in percentage has gone up because of which you could see that had it been a case of a such a steep increase of soya price in 2016, 2017 or 2018 you would not have got this kind of profitability when I compare a overall poultry industry first six months and when we compare Venky's in first six months you will see that most of the poultry whether it is organized or unorganized they have recorded and reported loss in first half year whereas in case of Venky's, Venky's has reported profit in first half year so that itself is a indication that Venky's has balanced their portfolio in a such a way that they are having a combination of hatching its sales, chick sales, layer chick sale, broiler grown up bird, in addition to this there is a animal feed sales there is animal health segment there is oil chick segment SPF segment and a processed chicken segment put together you will see that there is a complete balancing of the portfolio and because of this balancing we could see that the volatility and overall earlier what volatility has been seen in Venky's that may not be the case today and we are expecting that in future the overall other segments will play an important role wherein this volatility will drastically come down.

Dhruv Kashyap:

Sir as a follow up before I sign off sir is that I think the biggest way to reduce volatility is to get a significant increase in your branded consumer facing business because ultimately all businesses want to move towards the larger share of branded consumer selling of consumer facing products and that is where I guess your ability to charge top dollar in terms of realization margin advertising building a brand I mean is not that what all of us aspire to do we all aspire to build a brand and create a legacy through that so I think Venky's is I think one of the participants earlier said that it is a brand with a great share of mind but a significantly lesser share of wallet so you need to bridge that gap by getting consumers to really make your products more available I get make them more visible advertise them



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more and probably have a much higher product portfolio maybe Venky's Express needs to have a model where the product is delivered to the consumers through Zomato and Swiggy and not just wait for people to come there because in lockdowns anyways people are not coming there so I think a lot of work needs to be done on the consumer brand building part of the business because that is where the real value gets unlocked for a company thank you, yes, sir.

P. G. Pedgaonkar: Agreed. Thanks for your suggestion and we definitely will take a note of this and you already echoed what our thought process is. Thank you.

Dhruv Kashyap: Thank you Sir and all the very best.

Aniruddha Joshi: Sir Aniruddha here. Two three questions of my side sir we have seen literally multiple QSRs are getting listed in the market so almost 6, 7 are listed and there are as many in the unlisted space so QSRs are growing at a phenomenal rate and so how much Venky's is going to benefit from this increasing QSRs because most of them are having aggressive store rollout plans so obviously they will look for a partner who can supply the basic ingredients like chicken or eggs etc. at a good quality and on a sustainable basis so obviously Venky's course is very heavily on that so what is the plan over there and also how do you mean which are the customers that we are catering to also if you can share that.

Vijay Tijare: Yes one of the portfolio in our chicken processing plans is from the sector is a QSR so we talk sometime back about the HoReCa sector but QSR is also one of the dominant player now there are various QSR which are always we are supplying to them to name a few of them is McDonalds then we had supply as to KFC, Pizza Hut and all these QSRs so there is a list of QSRs practically all QSRs majority of the QSRs we are the prominent suppliers and we are aware that there are so many other QSRs which are also coming through India and we are in contact with those QSRs and for the confidentiality agreement we cannot disclose all the retails and their expansion plans but we are in contact with them and we are working with them for the development of the products and soon we can see our products with these QSRs.

Aniruddha Joshi: Sir so in terms of B2B business can you share the names of the maybe key customers or at least can you share that if any customer accounts for more than 5% or 10% of revenues means basically is there a very high QNS of revenues towards one customer or the business is well spread across customers.



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- Vijay Tijare:** So in the B2B sector we have tie ups with one is the QSR sector and we have tie up also with certain retail chains now that retail chains who are working one is the Wal-Mart now then we had already tie up with Big Bazaar so these are the retail chains almost all the retail chains we are catering to.
- Aniruddha Joshi:** Okay sir last question from my side some years ago Venky's had started a product like health food drink and it was a high protein diet etc. but post that we have not seen any further development on that front or we are not yet seen any other products also being introduced by the company so if you can share what was the learning from that and can we see further progress and when can we see further progress on such general consumption products.
- Rohan Bhagwat:** You are talking about health food drink right?
- Aniruddha Joshi:** Right.
- Rohan Bhagwat:** That was not under Venky's it was a private group company.
- Aniruddha Joshi:** Okay so it was not through the listed entity.
- Rohan Bhagwat:** No.
- Aniruddha Joshi:** Okay sure Sir. So that was my question. Thank you. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Ritwik Rai from Ritwikrai.com. Please go ahead.
- Ritwik Rai:** Sir I had two questions one is if you could give me the corn price trend for the past three four quarters and if you could give me what is your outlook is on those.
- P. G. Pedgaonkar:** Yes as far as corn prices are concerned if you see the corn prices are quite stable for this I will take you to the FY2021 for FY2021 the overall price of maize was around Rs.14.50 to Rs.15 in-between if you talk of first quarter our average maize price was Rs.17 and if you talk of present second quarter the average maize price is around Rs.20 so this is at par this work MSP government has declared so MSP is around Rs.18.50 and we are having around Rs.20 present maize price purchase but if you talk first half year it is Rs.18.50 which is exactly near to the MSP that is the corn outlook present we expect the same to continue with a minor change of 5%, 10% as far as prices are concerned.



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Ritwik Rai: Sir many participants have raised this and you have also said that this echoes your sentiment, do you have any plans to share on how you intent to increase your direct sales to consumers in the coming quarters and years any plans that you can share any ideas that you have?

Vijay Tijare: No, the model of business what we adapted is for the supply of chilled and frozen products to the consumers and one is to the consumers through HoReCa sectors and also to the QSR sectors. Now in pandemic there are some new up comings of business models which are coming up from the processing or the secondary processing house to the consumers and we are watching that, that how we can adapt that business or what we are studying on that. But presently what business model what we adapted right now is the supply of chilled and frozen products through the distribution channel which can spill over either for HoReCa sector or QSR sector.

Ritwik Rai: So currently you will be focusing more on HoReCa and QSR sector rather than...

Vijay Tijare: Also the retail, the retail is a distribution chain which is already for the branded products and we are almost in all A grade cities and the B grade cities of India and we had appoint various distribution centers and the proper cold rooms and we ensure that good cold chain is maintained for the products to reach before that which is to the consumer so we are doing already.

Ritwik Rai: Thanks very much.

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

Pranjal Garg: Sir I have a follow up question regarding that franchise expansion plan? Can you help us with approximate revenue per franchise in the franchisees we are already present and so the reason I am asking is that we want to have some idea that what kind of growth can be driven by the new 50 franchises that will be added by the company.

Vijay Tijare: We can definitely share that all the details to you on these franchise model what we are adapted so if you can share your email ID we can send that all the details to you.

Pranjal Garg: Yes, Sir. Sir my email ID I can just tell you right now it is pranjal.garg@icicisecurities.com.

Vijay Tijare: Thank you. We have noted.



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- Pranjal Garg:** Sir just two more questions what our capex plans are for the next two, three years.
- J.K. Handa:** Next two years already we have two projects which are completed and put on the production, it can utilized fully but in 2021-2022 the remaining part of six months we will be having that existing units capacity expenditure no major expenditure is there that maximum capacity expenditure maybe to the extent of Rs.25 Crores but for the existing unit and the next year 2022-2023 the total expenditure to be spent up 60 Crores but again it is for the existing units, poultry as well as AHP and no major plan as such shall be taken up because we have a sufficient capacity takes up in the next year.
- Pranjal Garg:** Sir my last question is what is the percentage of exports business in the total sales of the company and do we have any plans for exporting for expanding the exports business?
- J.K. Handa:** Total exports which was made during this year as well as the last we will spend up Rs.2.36 Crores so it is not the major component if you looking at the total turnover because there were some problem due to the bird flu as well as a pandemic so exports are not much exports was only related to the this SPF business segment only that was also, earlier it was in three, four countries but now it is in one or two countries hopefully things may start increasing.
- Pranjal Garg:** Sir is there any particular number that we want to achieve would you like to share any such number in next four five years?
- J.K. Handa:** In a six months time whatever the numbers in April to September which is to extent of 2.36 Crores, it may get doubled to get the approvals and regulations are in order in the Government of India side because of bird flu and all.
- Pranjal Garg:** Thank you so much Sir.
- 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.
- Aniruddha Joshi:** Thanks Stanford. On behalf of ICICI Securities we thank all the participants for their patient listening and the question and answer session. We thank the management of Venky's also for the insightful answers to the investor and analyst queries and enlightening the investor community with the information. Now I handover the call to the management for the closing comments and I wish all the participants as well as the management a very, very Happy Diwali. Thanks and over to you Sir.



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Rohan Bhagwat:

Thank you Aniruddha. I think all the investors for the effective question and answer session and I wish all a Happy Diwali. Thank you.

Moderator:

Thank you very much sir. Ladies and gentlemen, on behalf of ICICI Securities that concludes this conference. We thank you all for joining us and you may now disconnect your lines.