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Date: 16th May, 2022

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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 12th May, 2022.

Please find attached herewith the transcript of the conference call for investors and analysts held by Venky's (India) Limited on Thursday, 12th May, 2022.

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
Q4 FY2022 Earnings Conference Call”

May 12, 2022



ANALYST: MR. ANIRUDDHA JOSHI - ICICI SECURITIES

MANAGEMENT: MR. N. K TOSHWAL – GENERAL MANAGER (OIL SEED SEGMENT) – VENKY’S INDIA LIMITED
DR. VIJAY TIJARE – GENERAL MANAGER POULTRY SEGMENT
DR. P.G PEDGAONKAR – AUTHORIZED PERSON IN POULTRY SEGMENT
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 - VENKY’S INDIA LIMITED



Moderator:

Ladies and gentlemen, good day, and welcome to Venky's India Limited Q4 FY2022 Earnings Conference Call, hosted by ICICI Securities Limited. 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 Limited. Thank you, and over to you, Sir!

Anirudha Joshi:

Thanks, Nirav. On behalf of ICICI Securities, we welcome you all to Q4 FY2022 Results Conference Call of Venky's India Limited. From the management side we have today, Mr. N. K. Toshniwal – General Manager Oil Seed segment, Dr. Vijay Tijare – General Manager Poultry Segment, Dr. P. G. Pedgaonkar - Authorized Person in Poultry Segment, Mr. Deepak Khosla – General Manager from AHP Segment, Mr. J. K. Handa – Chief Financial Officer and Mr. Rohan Bhagwat – Company Secretary.

Now, I hand over the call to Mr. Rohan Bhagwat to introduce the management members and after the initial speech from the management we will have the question-and-answer session. Thanks, and over to you Rohan!

Rohan Bhagwat:

Thank you Mr. Anirudha Joshi. A very good afternoon and thank you all for joining us today for the conference call of Venky's India Limited. The company had published audited financial result for the quarter and year ended March 31, 2022 along with the information for the investors on 10th May. I hope you all have gone through the same. Today we have with us the unit heads to answer all your queries in respect of their respective segments and the area operations.

Before we start discussing the company's performance, I would like to mention that some statements made in today's discussions maybe 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 hand over the call to Mr. Jeevan 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, once again I am pleased to interact with all of you on the Venky's earning call. I hope you have gone through the results and the information to investors. Venky's has registered satisfactory performance for the quarter ended March 31, 2022, in spite of challenges in the form of high feed cost.



Year-on-year the sales turnover is growing and for the year ended March 31, 2022 the sales turnover has gone up by 40% as compared to the previous year ended 2021. The increase in feed prices has impacted the profit margins for the year ended March 31, 2022. The average price of soya was approximately Rs.67 per kg during the year as compared to Rs.41 per kg for the year ended March 2021. The current financial year started on a positive note as some stability in feed prices is visible however, the situation will be clearer after the onset of monsoon which is expected to be normal.

We hope that the coming quarters will bring some improvement in profitability, more on this may be explained by Dr. P. G. Pedgaonkar when questions on Poultry segment performance come up. The company had announced setting up second unit under its AHP segment in December 2021, construction activity of the plant is commenced and is expected to be completed by November – December 2022. With this briefing we now would like to answer your questions, you may please go ahead with questions. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session.

Anirudha Joshi:

Some question before the question queue gets assembled. Sir, in terms of inflationary situation with inflation across the board how do you see the raw material prices shaping for Venky's and also how do you see the chicken and egg prices moving over a period of next one year. Also, are you seeing any impact something like slowdown in terms of consumption adding any impact on volume growth because of the in general increase in inflationary pressures?

Dr. P G Pedgaonkar:

With regard to the prices historical data whatever we are giving, we can see that there is a good improvement as far as broiler bird prices are concerned. However, the ingredient prices and that too particularly soya price was extremely high in FY2022 as compared to FY2021. The impact was there with regard to increase in overall cost of production but one good thing that has happened in the market is market has started accepting the broiler price continuously above Rs.100 at least we have seen that in the month of April and even current also. So, these prices are likely to stabilize or some kind of acceptance from consumer is expected for these prices, if that happens, I think what earlier our concern was it was the cost of production was high and broiler birds were having some limitations to grow that is not seen currently. Hope that might take care of the concern what was there in FY2022, so that is on account of bird prices.

With regard to ingredient prices, as expected the ingredient prices in particularly soya will be cooled down that is the expectation with regard to two things; one expected import what government of India has cleared for 5.5 million metric ton that will give a kind of relief to the industry. So, these are some of the expectations and even the monsoon prediction also is good from the meteorological department. So, we hope putting all these data on table, we are expecting things as a sigh of relief for poultry industry.



- Anirudha Joshi:** This is very helpful. Many thanks.
- Moderator:** Thank you very much. The next question is from the line of Shalini Gupta from East India Securities. Please go ahead.
- Shalini Gupta:** Good afternoon, Sir. I just wanted to check in your opinion why did the soya prices and the maize prices go up so much?
- N K Toshniwal:** It is not only maize and soya alone, if you see all agriculture commodity prices have been sharply going up last one year, whether it is cotton, whether it is red seed, whether it is the wheat, whether it is the rice, is a maize, because government policies are as such and then the supply disruptions are there. Lot of exports of other items are taking place and farmers are not releasing the goods, information's are so much widely available that they control the supplies to the market, they hold the material and as and when the prices go up, they bring it. So, that creates a lot of price uncertainties in the market and availability of the material is there, but it comes to the market only depending on the price and we expect this is going to be continued, as far as supply is concerned there is no problem, but prices are going to volatile.
- Shalini Gupta:** I mean let us assume that there is a good soya and maize crops now this from here on, to what extent do you expect cycles to come off how much to is correct?
- N K Toshniwal:** The soya and maize are international linked prices, they are all linked to the Chicago market prices, today if you look at it all Chicago markets are very high on account of oil, oil has shot up more than 70%, and soybean is oil bearing material. So, prices are very high, because of Ukraine and all the Ukraine problems the corn and wheat prices have shot up, so cereal prices corn and wheat represent the cereal, so all cereal prices are spiked, and I think it is likely to be continued for some more time, this Ukraine war impact will be seen for quite some time.
- Shalini Gupta:** We are not really seeing a respite in the raw material prices anything that you can see any changes?
- N K Toshniwal:** The production of corn and soya has been pretty good, last year also it was good and this year also we expect a good production there is not going to be any shortage, but the prices will be globally driven prices.
- Shalini Gupta:** Thank you. That is all from my end.
- Moderator:** Thank you. The next question is from the line of Pranjal Garg from ICICI Securities. Please go ahead.



Pranjal Garg: Thanks for the opportunity. Sir, my question is regarding how is the demand scenario from the good QSR with all the trends there and also how are we benefiting from an increase in numbers of stores from every QSRs that could be my first question?

Dr. V. R. Tijare: In fact, I would suggest that now all QSRs are gearing up into their sales because it has been affected. QSR sales were partly affected in some QSRs during the pandemic period for the last two years. But as we go and we are delivering majority of the QSRs particularly Vista Foods, McDonald, KFC, Pizza Hut and Taco Bell and during their interactions these QSRs are now stabilizing their businesses and also increasing their business in last quarter and this has really inspired them to increase their presence with opening up new more retail outlets and they are coming up with more retail outlets and most of the QSR through their communication and media communication they are advertising and putting up more of outlets. So, we feel that the business of the QSRs would be increasing in next quarter and further one more year which was disrupted in last two years because most of the QSR has their operations in the various malls and these malls were closed down because of the various government regulations, so now they are all open and foot fall into the stores in malls is increasing and this has inspired to the QSRs and the business is growing.

Pranjal Garg: That is very insightful, Sir. As you highlighted that the footfalls are increasing and the contribution from QSRs will go up going further, can you help us with the number of total contributions from QSRs in FY2022 and what are the internal targets that we want to achieve?

Dr. V. R. Tijare: When we calculate on the financial terms the QSR contribute to our processed food division to around 35% and we had planned as per our budgeted sales for the next year that the percentage would be same, but we expect a growth of yearly 25% plus on account of QSRs.

Pranjal Garg: Okay and is there any difference in EBITDA margin, in QSR and or customer commission?

Dr. V. R. Tijare: As we had already explained that feed prices are increasing, so when we are striking at around the feed prices our definitely remuneration or the demand from the QSRs has increased and they are all agreed of that and definitely the profitability percentage also will be definitely better compared to last year because we sign on agreements with these QSRs for a year and now we have changed our pattern of agreements with the QSR which is for a quarter or for the six months so, we are expecting a better profitability.

Pranjal Garg: Is this understanding correct that we will only be able to take price hike after that period of three months or six months over or we can take price hikes when used over there is there a significant jump in raw material prices?

Dr. V. R. Tijare: We had already started getting a better pricing from these QSRs.



Pranjal Garg: Okay, sir my next question is regarding our own franchisee that you highlighted in one of the previous calls that we have targeted to take a number of franchises to somewhere around 85 to 90 from 44, where are we on those targets?

Dr. V. R. Tijare: We ended with about 61 stores in the month of March which includes Venky's XPRS and Chicken Experience and with retail shops and we also started some few more outlets in last one or two months and we continue to develop those business now, because there was disturbance in opening the stores since the footfall was not there, there was lot of uncertainty in the pandemic. So, now that uncertainty is changed in last three months to a confidence and that confidence building is there even with our franchisee and franchisee is being come up and now, we are looking for more better numbers in future.

Pranjal Garg: Okay, is this challenges that we have been facing are they territory specific sales from north or Maharashtra is it region or pan India?

Dr. V. R. Tijare: I could not understand your question properly, can you repeat please?

Pranjal Garg: You said that there has been decline in foot falls, that is where there have been challenges to open new stores, have we noted this trend in a particular territory or was it in all the regions that we operate?

Dr. V. R. Tijare: No, actually pandemic affected in almost all the states and there were plus – minus in the state wise regulations, so it has affected almost to all the people, but right now the situation is that all the foot fall in the stores is very good whether it is a franchisees or company own foot fall is good, sales is increasing that gives as a confidence to the customers and now the franchisee started opening the stores, this will be all over India, it will be North and West is leaving in that amongst all the states, that it is increasing everywhere.

Pranjal Garg: Thank you, sir. My last question is what is the region wise revenue growth for Q4 FY2022 and FY2022?

J K Handa: Mr. Pranjal, this region wise you want company as a whole or just for the processed?

Pranjal Garg: As a whole?

J K Handa: That would be difficult. Company as a whole region wise, we do not bifurcate we can give segment wise.

Pranjal Garg: Okay, that could be also helpful?

J K Handa: Segment wise if you see Poultry and Poultry related products the turnover has increased 20% over the last year 2021 versus 2021 – 2022, so similarly the increase in terms of



numbers and the realization is expected which is almost on the similar pattern, in poultry and poultry allied products. Similarly, in the animal health products the growth is almost 34% over last year. In oil seed segment the growth is almost 63% of the last year, so overall percentage if you see the turnover, it is 42% of the last year i.e., 2022 over 2021 is 42% in the segment wise turnover.

Pranjal Garg: My question was on actually region wise like north, south, if some breakup of that can be given?

J K Handa: No, Mr. Pranjal. The company as a whole like we said Venky's operates only in North and Western areas and we do not bifurcate region wise growth, the turnover will be for the entire segment.

Pranjal Garg: Okay, thank is very helpful. Thank you.

Moderator: Thank you. The next question is from the line of Gunit Singh from Countra Cyclical Investments. Please go ahead.

Gunit Singh: Thank you for giving me the opportunity. I would like to get some detailed insight on the price strengths and price movements for eggs quarter-on-quarter and how the price movements are affected basically the margins, basically two things the price trends for eggs quarter-on-quarter and year-on-year and what we expected and the cost of production and how it has affected the margins?

Dr P G Pedgaonkar: With regards to realizations and cost of production when you talk about eggs I am taking it as a broiler hatching eggs because we are not into commercial eggs, so when we talk of broiler hatching eggs and if we see the past three years then in 2019 – 2020 the average realization was Rs.18.77, 2021 it was Rs.24.11, however in 2021 – 2022 the realization was dropped on account of extreme increase in the ingredient prices and it dropped to Rs.22.45. Same was the case with broiler chicks, in 2019 – 2020 the average realization was Rs.23.00, 2021 it was Rs.32.00 and 2021 – 2022 it dropped to Rs.28.50. So, that is year wise change, when you talk quarter-to-quarter usually there is quite big variance Q1, Q2, Q3 and Q4 all the quarters will have a different realization. Usually, second quarter falls with regards to some regional festivals and on account of that there is reduction in demand, so the realization if you compare on quarter-to-quarter usually Q2 reports a less realization. Same is the case with cost of production also, usually Q2 is a season wherein we expect Kharif crops, so we start Q2 and Q3 reduction in overall cost of production, so quarter-to-quarter there will be variance in realization also and cost of production also. Hope I am clear with regards to your question.



Gunit Singh: This was very helpful. We discussed the realization and the cost of production and what about the price trends with regards to eggs and what are the expectations for the coming quarters?

Dr P G Pedgaonkar: As far as price trend is concerned as I stated in my earlier answer April was very good with regards to realization of chicks, realization of hatching eggs and realization of broiler bird. We expect that trend to continue till the actual monsoon figure comes and actual monsoon progresses, however with regards to coming two months we are expecting a good growth with regards to broiler hatching egg price and broiler chick price and as per the demand of bird is concerned that also is expected to be good. For coming two months we are expecting a good demand for broiler birds, broiler chicks and broiler hatching eggs.

Gunit Singh: Okay, and another question with regards to feed prices. I was hearing some of the discussions before as well, so what have been the price movements for feed prices as compared to previous year and what are the expectations?

Dr P G Pedgaonkar: As stated by my colleague, as far as soya price is concerned it is linked with international factors and phenomena, however if we compare the soya price for last whole year it was somewhere around Rs.67 to Rs.68 average realization and with regard to the present prices, the prices of soya have cooled down, so the present prices of soya is 10% less than what the average price was there last year. Expected trend as we said that we have to wait for the things but however, the number expected sowing and the overall availability is expected to be good, so we expect that the things should be comparatively normal if you compare these to FY2022.

Gunit Singh: Okay so basically, we expect 10% decrease or something in that trend in the key prices?

Dr P G Pedgaonkar: That is the expectation as per current rate.

Gunit Singh: Thank you, Sir. This is very helpful.

Moderator: Thank you. The next question is from the line of Kaushik Poddar from K B Capital Markets. Please go ahead.

Kaushik Poddar: Do you expect any kind of benefit from this recent FTA agreement with Middle East?

Dr. V. R. Tijare: As per the agreement India is permitted to export completely processed food chicken products to Middle East and particularly to UAE, so that will be an advantage and we are now working on that for the further orders for export to UAE.

Kaushik Poddar: And is your pricing competitive whatever the price is after the huge raw material cost increase and all this thing is it competitive to US exporters?



Dr. V. R. Tijare: As explained by my colleague to you that the prices of maize and soya are governed by the international pricing structure and almost these prices are comparable but if we work out the cost of a raw chicken is one part and what I expressed to you that the government of UAE has permitted officially that India can export completely cooked and further processed products. So, when the subject of completely cooked and further processed product comes it is to us that what authenticity of Indian culinary and cooking products we supply to UAE and that cannot be comparable to other countries production because this is a specified job.

Kaushik Poddar: Okay, and will you be exporting these things under Venky's brand name?

Dr. V. R. Tijare: Yes, we are working on that. We export on our Venky's brand, and we do not sell or export any product on a contract brand or any other brand, so it will be Venky's brand itself.

Kaushik Poddar: Okay, and just from the company's factor, is the conversion factor comparable to US processor?

Dr. V. R. Tijare: I told you there are two comparisons; one is the raw chicken, and another is a completely cooked and processed food product. In process food products the pricing is based on the quality of the product and quality, taste and so many parameters are there and when we are looking for Indian diaspora to consume Venky's products there will be different attraction than Indian people consuming other countries products.

Kaushik Poddar: Great, but on the raw chicken front?

Dr. V. R. Tijare: Raw chicken, there are so many opportunities which are coming on ways, first thing now UAE government has not allowed for import of raw chicken from India, what they allowed is only further processed products or completely cooked products, I am taking to you in that reference.

Kaushik Poddar: Okay, thank you. The question can move on to the next person.

Moderator: Thank you. The next question is from the line of Prashant Sharma from Quantum Securities Private Limited. Please go ahead.

Prashant Sharma: Thank you for the opportunity. Sir, actually I want to know, can you please talk about the new AHP plant that we are setting up, how much additional revenues can generate and how much time it will take to ramp up the production?

Deepak Khosla: For AHP our expansion project will likely complete this project by end of this financial year and revenues will be affected in 2023 – 2024, which will give us additional revenues of around 30% in the phase-1.



- Prashant Sharma:** Regarding the revenue numbers, you said that poultry business increased by 20% and AHP by 34% last year and do we expect similar level of growth going forward?
- Deepak Khosla:** Yes, definitely because AHP segment will become very positive, one thing is that the new plant is coming that will give us additional benefits, secondly lot of our focus for the product lining like feed safety, nutritional supplement, natural products, these are the growing segments. These are very specialized area which will give us an added advantage.
- Prashant Sharma:** Okay, and my last question is regarding the margin of the poultry business, since we can already pass on the prices of broiler and other products and soya prices has been in a stable phase and also is coming down, so can we expect better margin from this segment?
- Dr P G Pedgaonkar:** Yes, as I said that last year whatever the profit sheet was there it was mainly on account of abnormal increase in ingredient prices that too particularly soya price and as I stated that if you compare average soya price of last year versus the present soya price there is a relief of 10% with regard to soya price as on date. If the same trend continues then definitely it will have an impact on bottom line.
- Prashant Sharma:** Sure, okay. That is all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Anurag Patil from Roha Asset Managers LLP. Please go ahead.
- Anurag Patil:** Thank you for the opportunity. For this AHP second unit how much capex we are going to do?
- Deepak Khosla:** In AHP unit what we are planning is Rs.35 Crores is our initial capital investment for this new plant and in phase-2 there will be another Rs.12 Crores to Rs.15 Crores.
- Anurag Patil:** In phase-1 of Rs.35 Crores can be some additional 30% revenue, am I correct?
- Deepak Khosla:** Yes, which will give us additional revenue and we are getting into very specialized area of treatment of the poultry, that treatment segment is very specific segment which will add to the bottom line also.
- Anurag Patil:** Okay, my second question in Q4 FY2022 what is the total cost of feed for poultry division?
- J K Handa:** For the Q4 it was Rs.37.08 was the feed cost against the corresponding quarter was Rs.27.76.
- Anurag Patil:** And if you could mention the gross figure?



- J K Handa:** I am telling the rate which per KG, Rs.37.08 per KG in fourth quarter versus over Rs.27.76 per KG.
- Anurag Patil:** Okay and Sir can you also help with the volume numbers for Q4 broiler, layer, and processed chicken?
- J K Handa:** For poultry broiler chicks Q4 was Rs.2.37 Crores chicks against 2021 it was Rs.3.04 Crores and similarly for layered chicks Q4 it was Rs.1.17 Crores against corresponding quarter was Rs.1.09 Crores and similarly CBF birds it was Rs.2.09 Crores in Q4 versus Rs.2.09 in the same quarter 2021, this is for poultry and for SPF Eggs it was Rs.21 Lakhs against corresponding quarter of Rs.25 Lakhs.
- Anurag Patil:** Okay, out of Rs.37.27 per kg feed cost can we assume around majority 50 -70% cost will be attributed to soya bean?
- J K Handa:** It is 25% to the total feed cost if you see the feed cost to soya bean cost.
- Anurag Patil:** Okay, that is it from my side. Thank you very much.
- Moderator:** Thank you.
- Anirudha Joshi:** Sir, one question from my side, we hear from feed company which is listed in the market again operation in poultry feed as well as poultry segment also, that over past one year there have been multiple issues like bird flu or even COVID etc., and with that many small players have found it difficult to sustain and there have been huge market share loss for many players be it in the feed segment as well as in the poultry segment also and the larger players have gained significant market share and largely the market share gain structural in nature. So, in case of Venky's how do you see the market share movement in past one year and how do you see the market share panning out in FY2023 across all the segments per se?
- Dr. P. G. Pedgaonkar:** With regard to poultry this is on and off phenomena because the same question was there in last-to-last Con-Call. If we see an overall picture of shifting from small player and share gaining by large player and vice versa, infact if you see from last three – four years who ever the small players or medium players are there those are also equally strong, and benefit is there with them with regard to seasonal fluctuation. So, sometimes this phenomenon is such that for particular period they keep their operations off and that time the big companies or the medium scale companies they try to gain that particular share. However, this is not a permanent phenomenon this phenomenon can be seen for a period of six month to one year, however it is likely to change. So, we have a different opinion with regard to this question because whenever a large company gain share this is likely possible that the small players whenever they will find that the benefit is on their side, they are likely to regain that



particular share and they can come back again into the business. So, that is the overall situation in poultry and related activities of poultry.

Anirudha Joshi: We do not see the market share gains to be remaining structural or at least partly with let us say somebody would have gained 200 BPS market share when at least 100 BPS will remain structural market share gain or you do not see that as a possibility?

Dr. P. G. Pedgaonkar: I do not deny gaining of the share and I do deny that the giant player and big players will gain the market share, however retaining those shares on a permanent basis we have our own doubt considering our past experience. This can happen for a period of six-month, one year or even two years but whether that share will continue or again the same player or small player whenever they will find that the benefit is there, they can start picking their share. With regards to six-month, one year or two years this is likely situation and likely phenomenon. However, keeping it and retaining it for a long-term we have our own doubt.

Anirudha Joshi: That is very helpful, sir. In terms of FY2023 how do you see the situation panning, do you see market gains happening for Venky's?

Dr. P. G. Pedgaonkar: That is possible considering the overall situation of the market and overall scenario whatever has happened in last year, because as we say that FY2022 was an abnormal year with regard to the profitability, with regard to the overall abnormal increment in soya price. However, if we compare 2022 versus 2023 all the predictions are satisfactory, and we expect things as a relief for FY2023 if we compare this with FY2022.

Anirudha Joshi: Thank you.

Moderator: Thank you very much. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Rohan Bhagwat: Thank you all for giving us an opportunity to interact with you and we thank everybody for attending the conference call and the questions. If anybody wants to have any further details or questions, please feel free to contact our Investor Service Department. We thank you all once again. Thank you.

Moderator: Thank you very much. On behalf of ICICI Securities Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.