



Venky's (India) Limited

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Date: 17th May, 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 12th May, 2021.

Please find attached herewith the transcript of the conference call for investors and analysts held by Venky's (India) Limited on Wednesday, 12th May, 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
Q4 FY2021 Earnings Conference Call”

May 12, 2021



ANALYST: MR. ANIRUDDHA JOSHI – ICICI SECURITIES LIMITED

MANAGEMENT: MR. N. K TOSHIWAL – GENERAL MANAGER – OIL SEED SEGMENT - VENKY’S INDIA LIMITED
DR. VIJAY TIJARE – GENERAL MANAGER – POULTRY SEGMENT - VENKY’S INDIA LIMITED
DR. P. G. PEDGAONKAR – AUTHORISED PERSON – 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 - VENKY’S INDIA LIMITED
MR. S. KANNAN – AUTHORIZED PERSON - VENKY’S INDIA LIMITED



Venky's India Limited
May 12, 2021

Moderator: Ladies and gentlemen, good day, and welcome to Venky's India Limited Q4 FY2021 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. Thank you, and over to you, Sir!

Aniruddha Joshi: Thanks, Faizon. On behalf of ICICI Securities, we welcome you all to Q4 FY2021 results Conference Call of Venky's India Limited. We have with us today, the management team of Venky's India Limited represented by Mr. N.K. Toshniwal– General Manager (Oil Seed Segment), Dr. Vijay Tijare – General Manager (Poultry Segment), Dr. P.G Pedgaonkar – Poultry Segment, Mr. Deepak Khosla – General Manager – AHP Segment, Mr. J.K. Handa – CFO, Mr. Rohan Bhagwat – Company Secretary and Mr. S. Kannan – Authorized Person.

Now I handover the call to the management for their initial comments then we will open the floor for interactive Q&A session. Thanks, and over to you Mr. Handa. Thanks.

J.K. Handa: Good afternoon 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 good performance for the quarter and the financial year ended March 31, 2021. Though the sales turnover was slightly lower by 4.5% due to various factors like pandemic situation, outbreak of bird flu, frequent lockdown in several states the profitability was significantly high due to improved realization from the sale of the old chicks and grown-up broiler, operational efficiency, and better product mix. The good performance was achieved in a very challenging situation.

On the borrowing front, the company has further brought down the term loan and working capital limits during the quarter and these steps have helped to reduce the interest cost. On the cash flow front, the company has generated a net cash flow from operation of Rs.242.17 Crores, which was judiciously used to improve the overall financial position of the company.

Details of the amount utilized are available in the statement published. As already informed by the company on April 1, 2021, the third solvent extraction and vegetable oil refinery project at Shirampur, Maharashtra was completed and has already started commercial production.



Venky's India Limited
May 12, 2021

Company's debt to equity ratio has improved from 0.36 as on March 31, 2020 to 0.16 as on March 31, 2021. Having completed various expansion projects in the last three years in all the three segments, Venky's manufacturing activities have reached the level of stability whereby we have successfully brought down the volatility nature of business portfolio. More details on the subject of reduction in volatility are available in the investor information presented to investors along with the financial results.

As I mentioned earlier, the company's poultry operation have gone through challenging months; however, various measures taken by the company to contain the damage to ensure stability and a reasonable level of continuity and that will be explained by Dr. P.G Pedgaonkar when questions on that subject come up.

With this briefing on the financial performance, we now would like to answer your questions. You may please go ahead with your questions. Thank you.

Moderator: Thank you very much. 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: Good afternoon Sir. Congratulations on great set of numbers. Thank you for the opportunity. I have few questions, first question is regarding if you could please share the volume numbers for the broilers, DOCs and layers that have been sold for the instant quarter and also the value numbers?

J.K. Handa: For the total year or for Q4?

Akshay Satija: Both.

J.K. Handa: In regard to broiler chicks sold during the year 2020-2021, it was 10.91 Crores chicks against 2019-2020 it was 9.35 Crores chicks. Similarly, the layered chick which was sold 4.42 Crores in 2020-2021 and in 2019-2020 it was 4.09 Crores. In Q4, the poultry numbers, Contact Broiler birds 7.5 Crores kg were sold in 2020-2021 whereas 2019-2020, it was 9.4 Crores, so there was a reduction on account of pandemic condition in the early Q1, but it is 9.04 against that actual 7.05 Crore in 2020-2021.

Akshay Satija: If you could share, what would be the number in terms of value, what was the revenue generated from broilers, layers, and DOC?

J.K. Handa: In totality, the poultry and poultry segment has given us a percentage to the tune of 11% to 12% is net profit, the total numbers of poultry and poultry products.



Venky's India Limited
May 12, 2021

Akshay Satija: Okay and what would be our average realizations on these broilers or DOCs that we have sold for the year?

J.K. Handa: In 2020-2021 for broiler chicks, it was Rs.33 and against that 2019-2020, it was Rs.26 and in case of layered chicks for 2020-2021, it was Rs.37 whereas in 2019-2020, it was Rs.34. In case of CBF bird, in 2020-2021, it was Rs. 75 whereas in 2019-2020 it was Rs. 67.

Akshay Satija: If you could help us understand what sort of layer scenario do we have in our country, so we believe, we are very small in terms of selling grown up layers, we do not even have 1% of market share, so if you could share some thought process on how are we looking to capture some part of the market there who are the competitors right now in India, just your thoughts on that?

P.G Pedgaonkar: Thank you. Good afternoon. Thanks for this question. The question related to layer industry, if we talk of Indian Layer Industry, Indian Layer Industry is spread vast all over India and right now we are producing approximately 78 to 88 per capita consumption as far as India is concerned. However, if we talk from the perspective of grown-up layer segment, we hardly have any grown up layer segment because we are predominantly concentrating on layer chicks' sales and if we talk of layer chick's sale, we are having approximately more than 75% to 80% of the market share on Indian Layer Industry and accordingly our focus is main on layer chick sale as far as Venky's is concerned.

Akshay Satija: Okay, got it Sir. Also, I was just going through the poultry bazaar website and they just report an average price of broilers and these layers every month, so when I was just going through the website, I could see that the average broiler price for 2020 was somewhere around Rs.76 but the price similarly for Venky's were somewhere in the range of Rs. 60 – Rs. 65, if you could help us understand, do we see that difference or we are missing something here?

P.G Pedgaonkar: As far as India is concerned, we have vast geographical diversity right from Kashmir to Kanyakumari and if you are going on a poultry bazaar or any website, you will see that the rates are mentioned for the particular state and if you average out this then the average of on a statistical basis might come different; however, companies who are operating on the respective states, their realization might be different on financial perspective. Like today, if we talk of North India, North India is reporting somewhere around 100+ and if you talk of South India or Bengaluru, it is reporting almost 25% less than what North India is reporting, so there is always a difference in price realization state to state so that difference can occur whereas financial average will finally count on the basis that at what rate you are selling what quantity and in which geographical region you are selling at what quantity, so that will decide the average realization, so finally what matters is at the end of year, what is your



Venky's India Limited
May 12, 2021

realization and what is your cost of production as far as Venky's is concerned, Venky's is well suited for maintaining the base cost of production on account of the genetic research and genetic material which they are using and the feed essential which is supposed to be the best all over India, they are reporting somewhere around 1.5 to 1.6 of FCR which is supposed to be the best amongst the world. So, these are some of the parameters and factors because of which the productive efficiency of Venky's is much much higher and they can compete with anybody as far as this product efficiency is concerned. So, they are well suited to take care of any kind of eventuality in terms of realization also and in terms of cost of production or increased raw material also. So, these are some strong points of Venky's because of which Venky's has reported the kind of profitability it has reported on account of the best productive efficiency.

Akshay Satija:

Thank you for the elaborate on it. One more question on the soya prices, we believe the soya prices has recently elevated significantly and we do not really see lots of respect on our gross margins, so could you throw some light on that part what was our average soya purchase price and what is our mix in the poultry feed that we manufacture?

N.K Toshniwal:

Soya prices in mid of March had shot up almost by 60%, until March 15, the market was quite moderate and reasonable. For the past, one and a half months, it has been more of speculative activities, which has been going on and because of the fact the industry has been represented, industry association has represented, poultry industry has represented to the government to look into the speculative activity of the business. Now poultry, because poultry cannot just wait that soya prices should come down, so poultry has already started using the alternate source of a protein in the feed which is a red feed meal, which is much cheaper as of today and these prices are likely to continue until the clarity of monsoon is there. We believe that there is sufficient feed is available in the country and it is told speculative activities which are driving on the prices once the rain seasons are clear between June 1 and June 15, I think things will cool down much faster.

Akshay Satija:

Okay and also on according to our presentation, we reported that we generated a 1116 odd Crores from broilers, DOCs and the hatching eggs and our poultry revenue was somewhere around 1560 odd Crores, so if I look at the difference, so there is a 350 odd Crores difference which has been generated by other products but if we compare this with last year, so that number was somewhere around in the range of 500 Crores, spread increase the fresh chicken, the feed that is there, so I just wanted to understand what part has taken a slight hit in terms of revenue there?

P.G Pedgaonkar:

Coming to this question if we see that Venky's has diversified its portfolio very well from years together. They have worked a lot to make sure that the diversification should come in



Venky's India Limited
May 12, 2021

such a way that this will help the overall balance sheet of the company. In that regard if you see that almost 67% of the portfolio right now is catered and dominant by the sectors like soya bean and oil seed AHP and 33% sector is coming which is POD on a poultry part, however, if you see the total bifurcation of the turnover and then percentage, you will see that 44% is catered by poultry and poultry products and balance is catered by non-poultry divisions like AHP and soya bean. In poultry, we have further few more segments where in SPF is a segment which is strengthened from last few years where in the expansion has completed and it has almost coming to the maximum utilization which is expected in coming years, so if you see that SPF is a division which also is contributed in a poultry segment that percentage is taken by SPF, at the same time there is a processing segment which also has come into the poultry segment and there is one more segment that is poultry feed, which also is a part of poultry segment. If you see SPF is supposed to be the most diversified and research activity right now coming in Venky's portfolio, I am sure you must be knowing that as far as SPF is concerned, we are supplying it not only to the production of poultry vaccine, however, it is supplied to the production of human vaccine and just to name the few, Serum Institute of India is one of our customer along with Cadila, Ventri Biological, Hester Biosciences, Hoechst and Globion so this is for information that this is a high tech research activity and India as far as Venky's is concerned, it is the fourth largest company SPF to produce SPF eggs all over the world. So, this is just to mention that how diversified Venky's portfolio is and how it is helping to make sure that anything which is coming that will be sustainable and this particular part is taken care by Venky's profile and Venky's portfolio, this is just for the sake of information and to add that how the poultry revenue split and what is the percentage and rest of the percentage is coming from selling of broiler chicks, selling of layer chicks, selling of broiler hatching eggs, grown up broiler bird all these out together is also a part of poultry segment profile under Venky's. So that is from my side, if you have further question you can ask.

Akshay Satija:

Right Sir, my question was we see a little dip in terms of either the processed chicken or the poultry feed, if you could just share what revenue was generated from both these versus last year? So, we are seeing a drop in revenue from either of these segments?

P.G Pedgaonkar:

If we go on quarter-on-quarter basis, you can see that Q1 was dominant by lockdown which has taken a basic topline hit, last quarter was somewhat hit for poultry because of on account of bird flu and as you know that Q2 has got some kind of fast and other things, it has got some peculiarity with regard to Q2, so if you take a review of last whole financial year, Q1, last quarter and even Q2, they had their own peculiar patterns because of which I think whatever the figures are recorded those are recorded and it is only Q3 which the company could do a complete normal business, so Q3 was only quarter where in a normal business was reported by Venky's in terms of overall performance kind of thing, so rest of



Venky's India Limited
May 12, 2021

the three quarter, there was having some kind of specific issues related to particular quarter all the three quarters.

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

Shalini: Good afternoon to everybody. I had couple of questions. First one being, that you said that in mid-March the soya prices started rising but I mean mid-March is basically just towards the end of the quarter, but the gross margins are down by I think 400 BPS, so if you could just, please explain and seeing quarter-on-quarter, quarter compared to Q4, so is it that because of the bird flu, these are low realizations on poultry or what is it?

N. K. Toshniwal: No, I think soya is totally independent and if you look at the profitability of the last quarter, in fact it has gone up from last March 2020, it is almost more than double, more than 140%.

Shalini: Last March is not a good comparison because last March was badly affected by the lockdown. I am saying quarter-on-quarter because that will be a better comparison.

N. K. Toshniwal: If you look at the quarter-on-quarter, September Q3 also the profits are almost 60% up while the December quarter also.

Shalini: No, I am talking about the gross margins, basically one minus 1- whatever is your raw material cost as a percentage of sales?

N. K. Toshniwal: I will tell you the soya bean or any processing industry, margins are not calculated based on the turnover actually we are in a conversion business, we buy the oilseed convert into the oil, so the margins are totally different than the crushing. If the value goes up high, the percentage of margin comes down, if the value is low the margins goes up, it is that kind of situation in this processing industry. What we see is that totality of profit not the percentage wise.

Shalini: Okay and now if you could just help us with what is the soya price right now?

N. K. Toshniwal: In March mid, it was Rs.45. Today it is Rs. 77 per kg.

Shalini: Okay and what is the outlook?

N. K. Toshniwal: Outlook, we expect that up to June 15 it will continue more or like this only after that we see almost about 10% to 15% drop in the prices.



Venky's India Limited
May 12, 2021

- Shalini:** Okay and in the presentation, you have mentioned that De-Oiled cake prices have hit an all-time high, so if you could just help us with the De-Oiled cake prices also?
- N. K. Toshniwal:** De-Oiled Cake prices, soya bean is the main raw material hence oil and DOC, both are actually normally, it is a byproduct to DOC but in this soya industry it is as good as main product DOC, so both are very highly correlated with oilseed prices. Today, if you look at the DOC prices, they are close to Rs.66 to Rs.67 a kg which was around Rs.40 to Rs.42 a kg in the mid of March.
- Shalini:** My third question is the gentleman before me was also asking what has been the volume growth in the poultry segment, your sales in three segments, so if you could just give the sales, the growth figure in poultry and oilseeds, just the growth figure in percentage terms?
- N. K. Toshniwal:** If you see the Oil Seeds division though there is 6% degrowth is there as far as the volume is concerned. The first and quarter and second quarter it has been an obstacle because of the close downs and all, the turnover taken a hit and if you see the volume wise growth there is degrowth by 6%.
- Shalini:** And Sir, poultry?
- J. K. Handa:** In Poultry Madam, in the first quarter it was 50% lower than 2019-2020 and 2020-2021, then if you see in totality, it is 9% so, in second, third and fourth quarter slowly it has picked up the volume and quantity both but, in the quarter itself it was a dip by 50% in the poultry.
- Shalini:** No, in fourth quarter Sir, what was the volume growth, in percentage terms, in poultry?
- J. K. Handa:** It was 30% more than that it you compare with 2019-2020 in the fourth quarter.
- Shalini:** Okay, and Sir, my other question is, we have commenced production in the third extraction plant in April. So, now what kind of capacity utilization should we expect for FY2022 and FY2023?
- N. K. Toshniwal:** This year we expect capacity utilization almost about 60% and next year it could be 80% plus.
- Shalini:** Okay, and Sir similar question for your SPF Eggs?
- J. K. Handa:** In SPF Eggs the capacity is 63% utilization as of date because the last year expansion which was taken place it was not utilized fully it started only in October 2020. So, in the year



Venky's India Limited
May 12, 2021

2021-2022 we will be having the utilization to the extent of 85% of the total capacity and likewise in 2022-2023 optimum level may be 90%.

Shalini: 90%?

J. K. Handa: Yes because utilization to the fullest if we add the total capacity.

Shalini: Okay and SPF Eggs sell for Rs.60 per egg, right?

N.K Toshniwal: It is more than that, little more than that.

Shalini: One last thing you said that you have transferred your Oilseed business to Poultry now, is that correct?

N. K. Toshniwal: No.

Shalini: Okay, I am sorry not Oilseeds, Oil feed remains in Oilseeds?

P G Pedgaonkar: No, Oil seed remains Oil Seed, Poultry Feed remains in Poultry.

Shalini: Thank you so much.

Moderator: Thank you. The next question is from the line of Kalpesh Gothi from Valentis Advisors. Please go ahead.

Kalpesh Gothi: Good afternoon Sir. Congratulations for very good set of number even after we had lost almost one and half months due to bird flu. My question now is related to what we have seen after lock down, it is not a national lockdown but what we have seen major of the states had took lockdown and many are continuing. So, my question on, what will be the impact on the Poultry volume, and do we see the pressure on the margin as we see the feed prices also going up.

P G Pedgaonkar: Pertaining to this question, if you see that as I mentioned, last year was full of challenge year because it started with lockdown in Q1 and it ended with bird flu in Q4 and of course Q2 as I said that it is a quarter of fasting, and it only quarter three where normal business could happen. So, despite all that of course company because of its strength has reported excellent performance and as far as Poultry turnover is concerned, if you look at comparison of 2019-2020 versus 2020-2021, in fact it has not reached to the turnover of 2019-2020 in 2020-2021 because of whatever the constraint in your question you have asked. So, we are sure these some constraints and some regional constraints of lockdown



Venky's India Limited
May 12, 2021

are still there as you know that now the shops are allowed to open only for a limited period despite that like North India is reporting Rs.100 price and Western India is reporting Rs.90 to Rs.95 of price which allowed opening of the shops for four hours to five hours and we expect that over a period of time these constraints and these hurdles from pandemic point of view will slowly get relaxed and slowly it will ease out and we can expect bounce back of 100% sales as far as Poultry and Chicken and Eggs are concerned in near future.

Kalpesh Gothi:

Yes, so in the last week also we have seen Health Ministry put out chicken as immunity booster this has happened first time we earlier had egg. So, do you think that will boost the consumption towards your reach?

P G Pedgaonkar:

In fact, it was Poultry industry and the people who were related to poultry were advising and advertising related to the importance of chicken and eggs. However, now this time not only government but even medical fraternity if some people are going to the doctors they are advising improve and increase your protein consumption because now its era of pandemic, now it is era of prevention and it is an era where your immunity matters a lot and when the matter comes to immunity it is only and only protein which works as a preventive medicine. So, if we say that Venky's is not only a protein production house but if we not take into exaggeration my statement then I can say that we are into a preventive medicine for immunity boosting by way of producing the most beautiful product in a most efficient way so, the cheapest source of protein right now is only eggs and chicken. So, definitely it will matter a lot and lot of demand in Poultry industry overall can be generated because it is working as an immunity booster medicine and everybody is advising protein as you mentioned that yes, Government of India has come up with a very beautiful advertisement wherein they have clearly mentioned increase your consumption of chicken and eggs and overall dose of protein in your diet if you want to protect and maintain your immunity. So, we also are at par what you are expecting and saying that yes, this time government has come very positively and advising protein consumption to the people for preventing any kind of viral outbreak in future and immunity for protecting the viral disease in future.

Kalpesh Gothi:

Yes, that is great. Sir, my question is related to Poultry again, how much broiler is supplied to QSR what is the total sales of Poultry?

Vijay Tijare:

How much percentage for the supplies to QSR?

Kalpesh Gothi:

Yes.

Vijay Tijare:

Actually, we have three segments for the marketing of our processed chicken products. The one part is for the retail products which we supply through the various modern trade and retail sector, which is almost 40% of the total turnover. Then we have institutional sales



Venky's India Limited
May 12, 2021

where we supply raw chicken and chicken products that are around 30% and for the QSR it is also 30%. This will vary based on the Q1, Q2, Q3, Q4 and there is a significant difference in Q1 and Q2 as there was lockdown in Q1 and still there is a lockdown in Q4 after some time in second pandemic issue, but it is almost 30%.

Kalpesh Gothi: Okay, so there seems going to group from QSR sales slowdown because of the partial lockdown, right?

Vijay Tijare: It was shut down, but it was little slow it was not completely shut down as you know because, government in most of the places had allowed for the home deliveries for the QSR and restaurants. So, it was slower in the lockdown period because the home delivery was allowed.

Kalpesh Gothi: Sir my last question related to SPF eggs, you spoke about we also are supplying the human vaccine. The current situation what we are seeing, because of COVID vaccine, do we see drastic growth in SPF egg demand?

P G Pedgaonkar: As far SPF eggs are concerned yes, these eggs are being used as I said that not only for animal and poultry vaccine manufacturing, but it is use for even human vaccine manufacturing also and as I said that Serum and Hoechst are also our customers, so of course we are using these eggs for production of human vaccine. So, depending on their plans and depending on their requirements definitely they will have their own demand in place. So, as of now we are supplying to these two institutes for production of human vaccine and rest of the institutes for production of animal and poultry vaccine.

Kalpesh Gothi: So, last year we have expanded our capacity by 40%, do we have any plans to expand further more seeing the demand?

P G Pedgaonkar: That will be reviewed may be after two year after full utilization of the existing capex and existing capacities which are in place of SPF so, once that is been utilized as my colleague has said that it will have utilization of 85% to 90% in this year. So, once the existing capacities are fully utilized then it can be given thought of.

Kalpesh Gothi: Sir, how the realization moving of SPF egg is it stable?

J. K. Handa: Yes, it is stable.

Kalpesh Gothi: Thank you.



Venky's India Limited
May 12, 2021

- Moderator:** Thank you. The next question is from the line of Kaushik Poddar from KB Capital Market. Please go ahead.
- Kaushik Poddar:** You had said that the soya bean extraction business that is part of your non-volatile business but with the way the prices are moving all over the place especially in the last one month would not the profitability of your soya bean business be volatile also?
- N K Toshniwal:** No, I do not think so because, our business model what we have developed is totally different than the Oilseed industry, it is our own developed model where most of the times there is stability in the business and when the things are going good it is capable of making a good profit and sustainability is very much it will not affect in any manner.
- Kaushik Poddar:** But the point is when the prices are so volatile, will the margin still remain the same irrespective of the prices, do you do the forward selling of whenever you are buying the raw material to take care of the margin or something of that sort you do?
- N K Toshniwal:** No, we do not do any forward trading, we do not do any future business, we have developed our own module of purchase and supply where it is on day-to-day basis as it is very well coordinated and we try to see that everyday purchase and sales average out and we try to make money on more processing rather than speculative business.
- Kaushik Poddar:** Okay, this business you have been doing historically for quite some time, has the margin been stable all these years?
- N K Toshniwal:** Margins, I do not say margin in a percentage terms but in absolute profits it has been going up.
- Kaushik Poddar:** Okay, this price volatility does not affect your business?
- N K Toshniwal:** It does not affect Sir.
- Kaushik Poddar:** Okay.
- N K Toshniwal:** But business model is totally different and I think these all volatility has been taken into account and after that this model has been found out and with a very much sustainable business and a normal growth.
- Kaushik Poddar:** Okay, and Poultry consumption, what is the kind of growth you see over the next five years for the industry per se?



Venky's India Limited
May 12, 2021

P G Pedgaonkar: Yes actually to answer this question I will split your question in a different way because pre-pandemic and pre-COVID usually the broiler industry was growing to the tune of 6% to 8%, so on an average 7% to 8% was the growth of the broiler industry pre-pandemic or pre-COVID. Considering the kind through everybody is putting right now protein consumption of course 7% to 8% will be a normal growth for poultry industry of course all these things lockdown and whatever the constraints right now are there that will be taken care of within couple of months may be, once it is over, I am sure that this 7% to 8% growth of poultry industry will be surpassed because the protein consumption is going up and when the protein is going up then the immediate source of protein and the convenient and organised source of protein more than 60% is poultry only whether in terms of it is broiler or eggs. So, we are sure the 7%-8% of the average growth which has been recorded by broiler in past it will be surpassed in future as far as the demand for protein the way in which it is going up. So, we do expect that the growth of poultry will be better compared to past.

Kaushik Poddar: In one of the answers to one of the questions earlier you had talked about the feed conversion ratio of 1.5 or 1.6 being the best in the industry. Can you just elaborate on that?

P G Pedgaonkar: These are the efficiency measures. These efficiency measures are measured in such a way that for production of one kg of live birds how much kg of feed is required. So, if you are producing one kg of live bird and if you are utilizing two kg of feed the feed conversion ratio comes to two. So, over a period of time from two now we have reached to a conversion where for production of 1 kg of live bird we require 1.5 kg to 1.6 kg of feed. So, drastic saving of feed is from 2 kg to 1.5 kg so, there is a straightway saving of 500 grams to 400 grams, so that is called as productive efficiency and there we are saving much because efficiency has reached 1.5 to 1.6 as against earlier to 1.7 – 1.8 now we are reaching to 1.5 to 1.6. So, that is the efficiency measure feed conversion ratio for production of 1 kg of meat how much kg of feed is required that is the FCR.

Kaushik Poddar: How does it compare with the industry?

P G Pedgaonkar: Extraordinary. Excellent why industry I mean, if we talk even for the international norms whatever the international performances are recorded and reported we are nowhere less of them rather we are better than international standards or rather at par with international standards. So, this efficiency can be compared with any international competitor as far as efficiency measures are concerned.

Kaushik Poddar: Okay, and on a much broader level and since everybody is concerned about environment degradation and all those stuffs, what is the feed conversion ratio for say beef or mutton or for other things. Do you have any idea?



Venky's India Limited
May 12, 2021

P G Pedgaonkar:

I think this question is out of syllabus but, I would like to state that this is organized sector, Poultry is organized sector so, there cannot be a better efficient animal as far as productivity is concerned then poultry. That is the reason we say that we are cheapest source of protein so if you are comparing any source of protein, I will give you an example: if you are having 1 acre of land how much protein you can produce from poultry and how much protein you can produce from non-poultry or veg sector. So, let us say that if you are having 1 acre of land then with the help of broiler farming pure protein you are producing 50 metric ton per year. If you are having 1 acre of land and if you are having a layer farm in 1 acre then you are producing 30 metric tons of pure protein through your farming and if you want to grow soya bean in that 1 acre you can produce 1.8 metric tons of pure protein through soya bean farming. So, this is the difference in production of protein through poultry and production of protein through soya bean. This soya bean production I am calculating taking two crops in year so soya bean expert will say that two crops in year is not possible you can take only one crop but hypothetically and statistically I have taken two crops in a year in 1 acre that will produce 1.8 metric ton to 2 metric tons of protein through soya bean. So, this is the power of poultry and this the power of efficiency which poultry is giving and above that the land which will be required by poultry is a barren land, the land which not at all can be used for any agriculture production is the best land, which is required for the poultry or which can suit for poultry. So, the land which cannot be utilized for agriculture production is the best land for utilization for poultry production. So, that is additional thing because you know that land is becoming scarer and scarer and to use agriculture land for any business definitely is a matter of concern. So, we require a land which cannot be utilized or which is of no use for other usage so, that is the beauty of poultry and that is the reason we say that this organized sector and this is the only sector where in you can have excellent quality protein production in minimum investment of the land.

Kaushik Poddar:

Thanks a lot for your detailed explanation. Thank you.

Moderator:

Thank you. The next question is from the line of Bharat Bhagnani from Living Root Capital. Please go ahead.

Bharat Bhagnani:

I had a question on the soya extraction plant that we have recently started for Mr. Toshniwal. Sir, you just mentioned that this year we will be able to reach 50% odd capacity and next year will be 80%, so just asking that why will it take so much time to scale that up since the project is already in the work for a while?

N K Toshniwal:

The thing is that this year is a very erratic year, now Maharashtra there is lockdown and interdistrict movement is restricted so, most of the agriculture mandis are closed locally, so getting the raw material is very challenging one during this period and second thing after



Venky's India Limited
May 12, 2021

June and all it becomes a lean season up to September. So, effectively we are going to get the best of only six months in this year.

Bharat Bhagnani: Okay, so it would take a year from now to scale it up?

N K Toshniwal: Yes.

Bharat Bhagnani: My second question is with regards to the maize prices, any outlook that you can give on the maize prices, how do you see?

N K Toshniwal: Maize prices have been pretty good. If you see internationally India is the cheapest source of corn as of today and we are about \$30 to \$40 cheaper than the rest of the countries and that is the reason we have exported about 30 lakh ton–40 lakh tons of maize from India to the neighbouring countries and another good aspect is that the maize is being grown in most of the states in the country today which is making it available across the country in almost all pockets where the poultry is there. If you look at the productivity also the things have been picking up. In fact, in Bihar in some of the areas the productivity is better than in USA also. In 1 acre 5 tons of corn is grown as against of about 3 ton in other areas. So, maize productivity production wise we see the things are looking much better than the past and I think it should continue more.

Bharat Bhagnani: Just one more thing, if you talk the outlook then from here since the last one year there has been the Coronavirus related pandemic and demand has been hit in some places and restaurants are shut. Going ahead when everything opens up when the poultry demand comes back and poultry increases we have often seen in the past also that, maize prices go hand in hand, they also start increasing. So, do you think that is also possible this time because I think we are at a low this time in the maize currently?

N K Toshniwal: This year what has happened one more policy decision has been taken by the government that the maize has been allowed for the beer factories also, alcohol factories also to be consumed. Now, poultry has got one more competitor in them. But as far as the poultry is concerned now what happens, if you look at the wheat, Bajra and corn all three can be consumed for the poultry so I do not think any abnormal prices will affect the poultry because we have other options to use it, if you go in the north side Bajra across the country wheat also can be used to a certain extent. So, I do not see any negative impact of demand if demand picks up I do not see too much of negative side on this.

Bharat Bhagnani: My last question is what is the comfortable maize price for you in order to maintain your profitability going ahead?



Venky's India Limited
May 12, 2021

N K Toshniwal: It is not the comfort level of poultry. Actually, it is driven by the MSP prices of the government.

Bharat Bhagnani: Right, so today also the price is below the MSP, I think?

N K Toshniwal: No, MSP what happens the way the government is working with the farmers and all other things, government will ensure that none of the material sells below MSP.

Bharat Bhagnani: Okay, so which means that you are expecting that at least the price will be at the MSP levels, from where it is now?

N K Toshniwal: Yes, it has to above it will put pressure for people to shift to other crops.

Bharat Bhagnani: Okay, got it. Thank you.

Moderator: Thank you. The next question is from the line Anurag Patil from Roha Group. Please go ahead.

Anurag Patil: Thank you for the opportunity. Sir, currently due to pandemic a lot of small players are under stress. Are we expecting any major market share gains in the coming quarters and how sustainable these market share gains can be over a long term?

P G Pedgaonkar: I do not think that the share of small players will be taken by the major players or the professional players because their competency is in certain areas and the professional player competency is in certain areas. So, of course both these players have got their unique strengths but as you said that the small players whenever there is a pressure of many things, it is not the pressure of economics, but it is a pressure of operating the farm at some level. So, when such pressure comes then seasonal variation is always there and small players prefer to temporarily suspend their operation. So, this has what happened whenever some kind of pressure comes these people temporarily suspend their business or operations but later on they enter into the operation so, seasonal kind of variation right now is happening from small players and they are not operating to the fullest extent and they are not operating 100% on year round basis however, they prefer to operate on a season-to-season basis. So, initially they were taking 5 to 6 crops, now they are taking 3 to 3.5 crops in a year. So, obviously there is a reduction or rather there is a change of the way in which these people were earlier doing the business and the way in which they presently doing the business.

Anurag Patil: That is it from my side. Thank you very much.



Venky's India Limited
May 12, 2021

Moderator: Thank you. The next question is from the line of P D Gupta from Investors Forum. Please go ahead.

P D Gupta: Sir, good afternoon to everybody and wishing you all the best health in the present circumstances. At the outset actually, I congratulate everybody at Venky for three things, one that good results, second maintaining this platform of concall to interact with the investors and doing all these things and the third is the investor presentation is very informative. Then Sir, one thing all the questions have been replied very well asked by my earlier friends. I want only one thing in that SPF side, what is our capacity and cost of production?

J. K. Handa: As far as our capacity is concerned this is to the tune of 1.40 Crore eggs per annum and at present the utilization is to the extent of 60% to 65% which will be because of new project was partially utilized so, next year it would be more may be 70% to 80% and then thereafter 90%, and margin is fairly okay.

P D Gupta: Then the the cost of production at SPF level?

P G Pedgaonkar: The margin is fairly okay.

P D Gupta: Sir, one more thing actually I want these two requests to be conveyed to the Board of Directors also. We are very old investors of the company since physical allotment of the shares. I am telling you since long, our last bonus was in 2015 in the ratio of 1:2. I think it is very much overdue to increase all stakeholders' value I wish that some bonus may be considered by the Board of Directors. Second, this split in face value it will not increase the equity share but it will increase the stakeholder's value that also may please be considered and our payout ratio this time actually our EPS is 190 and though we have increased the dividend very well to Rs.17 per share but it is less than 10%. If it is possible and let the boards decide that payout ratio in future that would be good?

P G Pedgaonkar: Definitely the Board of Directors shall look it into all the aspects which you have said in way to bonus, the split issues and pay ratios and all.

P D Gupta: Correct, that is to be conveyed to them. If it is possible in future in this concall platform then they may also start participating it depends, okay, please convey this. Thank you. Mine is over.

Moderator: Thank you. The next question is from the line of Shivan Sarvaiya from JHP Securities. Please go ahead.



Venky's India Limited
May 12, 2021

- Shivan Sarvaiya:** Good afternoon Sir. Just one question within our Poultry and Poultry product segment how much would be the contribution of processed food products, if you could just give some clarity there?
- J.K Handa:** Total turnover of a Poultry and Poultry products is to the extent of 44% but out of that processed business Dr. Tijare can you please comment on that?
- Vijay Tijare:** For the processed food it is around 8% of the total Poultry turnover.
- Shivan Sarvaiya:** Poultry turnover, okay, so this would completely B2C, right?
- Vijay Tijare:** Yes, it is B2B also is included into this.
- Shivan Sarvaiya:** Okay, so this would be given to the QSR and the B2C included this 8%, any idea on what is the B2C?
- Vijay Tijare:** B2C I told you that it is roughly around 40%.
- Shivan Sarvaiya:** Sir I am trying to understand you have given the disclosure on page 16 of your presentation, where there is completely cooked ready to eat, cold cuts, chicken in a minute product. I am trying to understand, what is the contribution of sales from these value-added products, the nuggets etc.?
- Vijay Tijare:** We can provide because this bifurcation also includes the raw products in these, we can provide you that information.
- Shivan Sarvaiya:** Thank you. I will get in touch with the company Sir. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to Mr. Aniruddha Joshi. Thank you and over to you Sir!
- Aniruddha Joshi:** Thanks, Faizan. On behalf of ICICI Securities, we thank the entire management team of Venky's India Limited, for participating in this call and educating and updating the investor and analyst community about the key developments in Venky's. Now, I hand over the call back to the management for their closing comments. Thanks, and over to you Sir!
- J.K. Handa:** Thanks everyone for attending the Conference Call of Venky's. We hope we have answered all the questions, all our business segments are performing well and we hope a steady growth in the years to come. Thank you very much.



Venky's India Limited
May 12, 2021

Moderator:

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