

VENKY'S (INDIA) LTD

Result Update (PARENT BASIS): Q3 FY19

CMP: 2236.40
MAR 22nd, 2019
Overweight
**ISIN:
INE398A01010**

Index Details

Stock Data

Sector	Packaged Foods
BSE Code	523261
Face Value	10.00
52wk. High / Low (Rs.)	4711.25/1788.00
Volume (2wk. Avg.)	16000
Market Cap (Rs. in mn.)	31510.88

Annual Estimated Results(A*: Actual / E*: Estimated)

Years(Rs. In mn)	FY18A	FY19E	FY20E
Net Sales	26888.10	30751.20	34441.34
EBITDA	4149.70	3932.49	4407.13
Net Profit	1997.10	2144.32	2370.18
EPS	141.74	152.19	168.22
P/E	15.78	14.70	13.29

Shareholding Pattern (%)

	As on Dec 2018	As on Sep 2018
Promoter	56.11	56.11
Public	43.89	43.89
Others	--	--

1 Year Comparative Graph


VENKY'S (INDIA) LTD
S&P BSE SENSEX

SYNOPSIS

- Venkys (India) Ltd, a part of the VH Group is an integrated poultry group in Asia.
- Revenue for the quarter registered at Rs. 8120.00 mn from Rs. 6958.50 mn, up by 16.69% when compared with the prior year period.
- During the quarter, EBIDTA is Rs.1197.90 mn as against Rs.1295.60 mn in the corresponding period of the previous year.
- During Q3 FY19, Profit before tax increased at Rs.1066.10 mn as compared to Rs.1092.60 mn in Q3 FY18.
- During Q3 FY19, net profit stood at Rs. 676.70 mn from Rs. 694.20 mn in the corresponding quarter of previous year.
- EPS of the company stood at Rs. 48.03 during the quarter, as against Rs. 49.27 per share over previous year period.
- The revenue of the company rose by 13.72% at Rs. 22144.00 mn in 9M FY19 as against Rs. 19472.30 mn in 9M FY18.
- Net Sales and PAT of the company are expected to grow at a CAGR of 13% and 58% over 2017 to 2020E, respectively.

PEER GROUPS	CMP	MARKET CAP	EPS(TTM)	P/E (X)(TTM)	P/BV(X)	DIVIDEND
Company Name	(Rs.)	Rs. In mn.	(Rs.)	Ratio	Ratio	(%)
Venky's (India) Ltd	2236.40	31510.88	138.68	16.13	4.37	80.00
Nestle India Ltd	10574.85	1019581.70	166.67	63.45	27.75	1150.00
KRBL Ltd	354.60	83257.40	19.65	18.00	3.65	230.00
Parag Milk Foods Ltd	256.70	21613.20	12.79	20.09	3.01	7.50

QUARTERLY HIGHLIGHTS (PARENT BASIS)

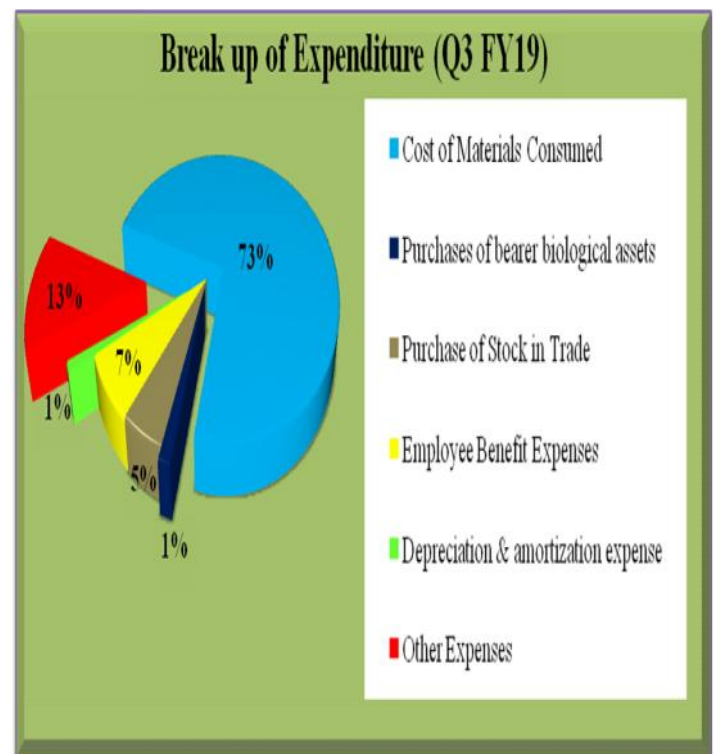
Results updates- Q3 FY19,

(Rs. In millions)	Dec-18	Dec-17	% Change
Revenue	8120.00	6958.50	16.69%
Net Profit	676.70	694.20	(2.52%)
EPS	48.03	49.27	(2.52%)
EBIDTA	1197.90	1295.60	(7.54%)

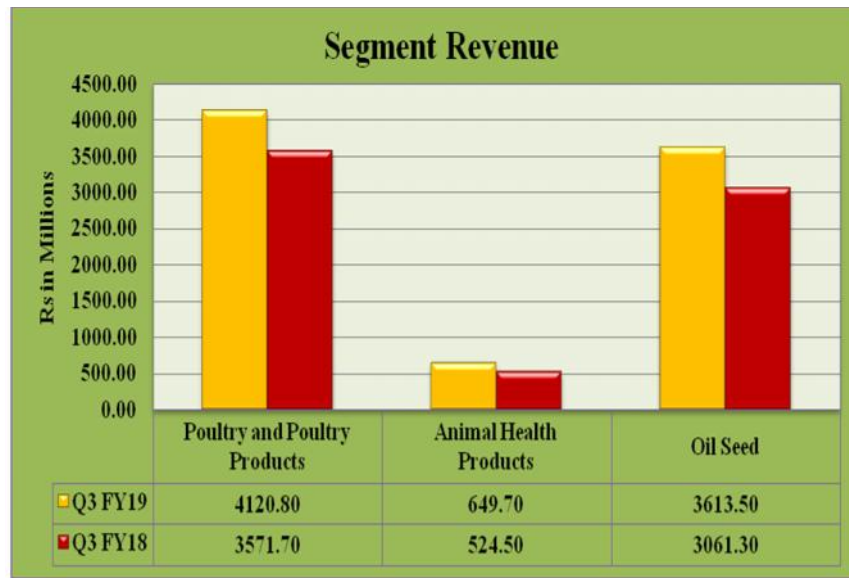
Revenue for the quarter registered growth of 16.69% and stood at Rs. 8120.00 million as compared to Rs. 6958.50 million, when compared with the prior year period. EBIDTA is Rs. 1197.90 million as against Rs. 1295.60 million in the corresponding period of the previous year. The company's net profit stood at Rs. 676.70 million from Rs. 694.20 million in the corresponding period of the previous year. Reported earnings per share of the company stood at Rs. 48.03 as compared to Rs. 49.27 per share over previous year period.

Break up of Expenditure

Break up of Expenditure	Value in Rs. Million		
	Q3 FY19	Q3 FY18	% Change
Cost of Materials Consumed	5248.70	4344.70	21%
Purchases of bearer biological assets	103.60	93.10	11%
Purchase of Stock in Trade	350.80	311.70	13%
Employee Benefit Expenses	495.30	426.50	16%
Depreciation & amortization expense	73.10	70.60	4%
Other Expenses	901.10	742.10	21%



Segment Revenue:



COMPANY PROFILE

Venky’s (India) Ltd, a part of the VH Group is an integrated poultry group in Asia. The company’s principal activities are to own and operate chicken and broiler breeding farms. Their portfolio include animal health products, pellet feeds, processed, and further processed chicken products, solvent oil extraction, SPF eggs, nutritional health products for humans, and pet food & health care products.

The company operates through three business segments, namely poultry and poultry products, animal health products and oilseed. The company’s major business segment is poultry and poultry products, which consists of production and sale of day-old broiler and layer chicks, specific pathogen free eggs, processed chicken products and poultry feed. The company has manufacturing facilities for manufacturing nutritional health products for humans, and pet food and healthcare products. The company has its animal health products manufacturing facility at Pune. The company is also involved in solvent oil extraction. The company has 30 units spread across India.

FINANCIAL HIGHLIGHT (PARENT BASIS)
(A*- Actual, E* -Estimations & Rs. In Millions)
Balance Sheet as of March 31, 2017 -2020E

	FY17A	FY18A	FY19E	FY20E
ASSETS				
1) Non-Current Assets				
a) Property, Plant and Equipment	4552.20	4589.50	4773.08	5059.46
b) Capital Work in Progress	83.40	174.30	217.88	261.45
c) Goodwill	126.80	126.80	133.14	142.46
d) Other Intangible Assets	0.30	2.20	1.76	1.50
e) Financial Assets				
i) Loans	3.70	1.90	1.43	1.14
ii) Other Financial Assets	295.00	112.00	91.84	78.06
f) Income Tax Assets (net)	114.60	55.30	47.01	41.36
g) Other Non – Current Assets	1193.60	1311.60	1429.64	1586.90
Sub - Total Non- Current assets	6369.60	6373.60	6695.77	7172.34
2) Current Assets				
a) Inventories	1148.10	1622.00	2076.16	2615.96
b) Biological Assets	1318.40	1361.40	1429.47	1515.24
c) Financial assets				
i) Investments	20.00	0.00	0.00	0.00
ii) Trade Receivables	2642.90	2954.30	3249.73	3639.70
iii) Cash and Cash Equivalents	272.80	90.90	113.63	136.35
iv) Other Bank Balances	1500.30	1445.60	1517.88	1608.95
v) Loans	253.50	250.60	243.08	238.22
iv) Other Financial Assets	19.00	116.00	148.48	187.08
d) Other Current Assets	59.80	97.50	144.30	210.68
Sub - Total current assets	7234.80	7938.30	8922.73	10152.18
Total Assets (1+2)	13604.40	14311.90	15618.50	17324.53
EQUITY AND LIABILITIES				
1) EQUITY				
a) Equity Share Capital	140.90	140.90	140.90	140.90
b) Other Equity	5169.50	7070.70	9215.02	11585.20
Total Equity	5310.40	7211.60	9355.92	11726.10
2) Non Current Liabilities				
a) Financial Liabilities				
i) Borrowings	1690.70	738.60	531.79	393.53
ii) Security Deposits	1.40	2.70	3.38	4.05
b) Provisions	92.20	103.80	114.18	122.17
c) Deferred Tax Liabilities (Net)	304.10	352.40	398.21	438.03
d) Other Non Current Liabilities	3.30	3.00	2.82	2.68
Sub - Total Non Current liabilities	2091.70	1200.50	1050.38	960.46
3) Current Liabilities				
a) Financial liabilities				
i) Borrowings	3010.20	1729.00	1037.40	663.94
ii) Trade Payables	1748.90	2274.80	2049.92	1651.12
iii) Other Financial Liabilities	885.70	1153.40	1291.81	1420.99
b) Other Current Liabilities	345.20	582.40	698.88	782.75
b) Provisions	66.10	39.70	31.76	27.00
c) Current Tax Liabilities (net)	146.20	120.50	102.43	92.18
Sub - Total Current Liabilities	6202.30	5899.80	5212.19	4637.97
Total Equity and Liabilities (1+2+3)	13604.40	14311.90	15618.50	17324.53

Annual Profit & Loss Statement for the period of 2017 to 2020E

Value(Rs.in.mn)	FY17A	FY18A	FY19E	FY20E
Description	12m	12m	12m	12m
Net Sales	24755.80	26888.10	30751.20	34441.34
Other Income	341.00	262.20	280.56	308.61
Total Income	25096.80	27150.30	31031.76	34749.95
Expenditure	-21982.10	-23000.60	-27099.26	-30342.82
Operating Profit	3114.70	4149.70	3932.49	4407.13
Interest	-770.70	-498.80	-292.23	-248.40
Gross profit	2344.00	3650.90	3640.26	4158.73
Depreciation	-285.00	-281.30	-294.09	-323.49
Profit Before Tax	2059.00	3369.60	3346.18	3835.24
Tax	-811.50	-1372.50	-1201.86	-1465.06
Net Profit	1247.50	1997.10	2144.32	2370.18
Equity capital	140.90	140.90	140.90	140.90
Reserves	5169.50	7070.70	9215.02	11585.20
Face value	10.00	10.00	10.00	10.00
EPS	88.54	141.74	152.19	168.22

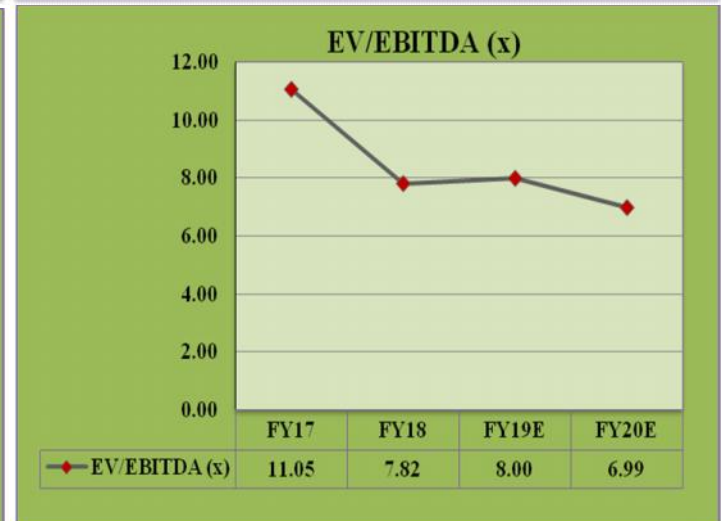
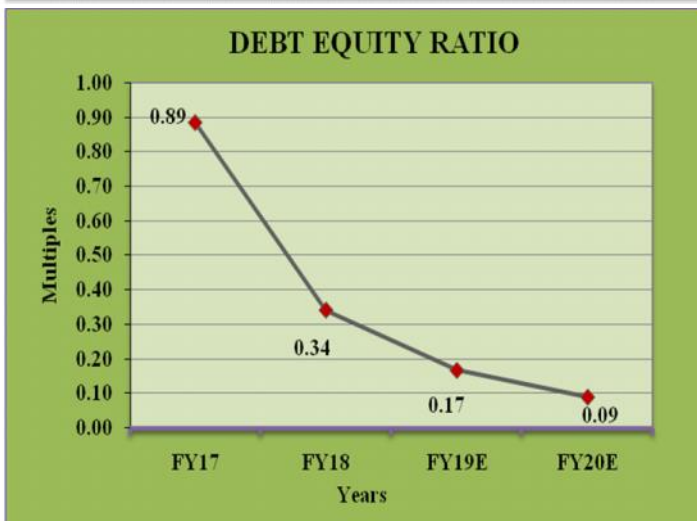
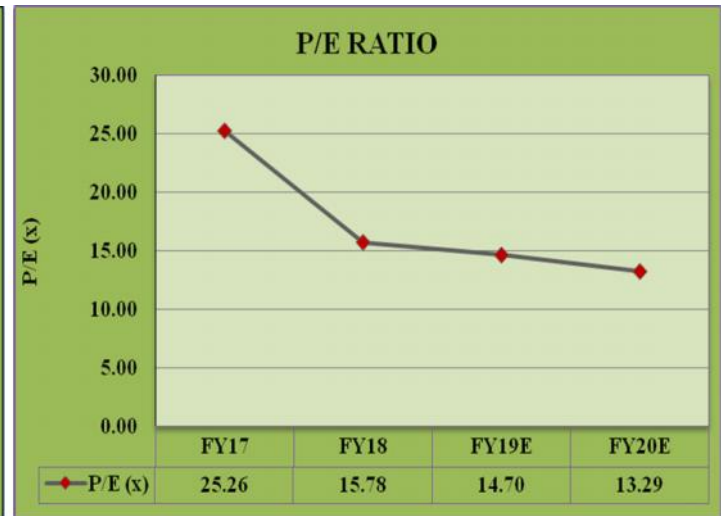
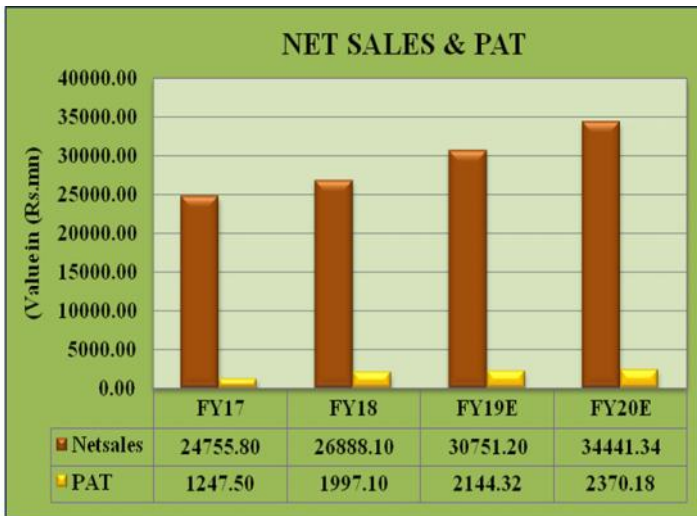
Quarterly Profit & Loss Statement for the period of 30th June, 2018 to 31st Mar, 2019E

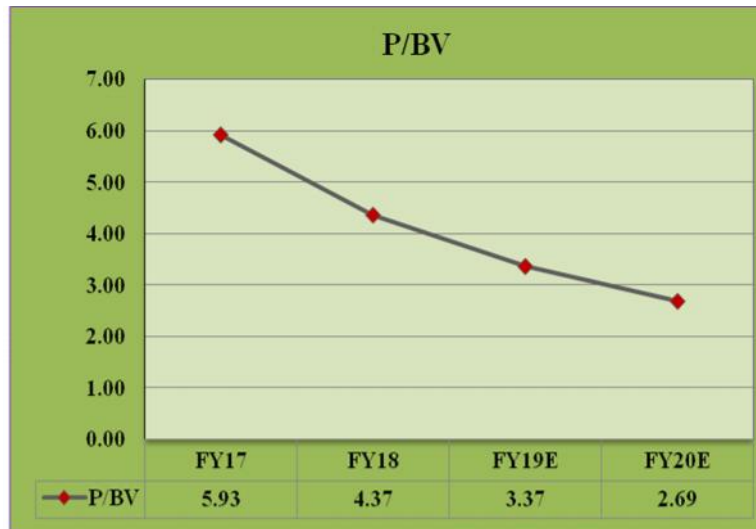
Value(Rs.in.mn)	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19E
Description	3m	3m	3m	3m
Net sales	7562.00	6462.00	8120.00	8607.20
Other Income	62.60	47.60	83.10	87.26
Total Income	7624.60	6509.60	8203.10	8694.46
Expenditure	-6371.20	-6263.00	-7005.20	-7459.86
Operating profit	1253.40	246.60	1197.90	1234.59
Interest	-95.20	-85.50	-58.70	-52.83
Gross Profit	1158.20	161.10	1139.20	1181.76
Depreciation	-70.80	-72.70	-73.10	-77.49
Profit Before Tax	1087.40	88.40	1066.10	1104.28
Tax	-376.90	-33.60	-389.40	-401.96
Net Profit	710.50	54.80	676.70	702.32
Equity Capital	140.90	140.90	140.90	140.90
Face Value	10.00	10.00	10.00	10.00
EPS	50.43	3.89	48.03	49.85

Ratio Analysis

Particulars	FY17A	FY18A	FY19E	FY20E
EPS (Rs.)	88.54	141.74	152.19	168.22
EBITDA Margin (%)	12.58%	15.43%	12.79%	12.80%
PBT Margin (%)	8.32%	12.53%	10.88%	11.14%
PAT Margin (%)	5.04%	7.43%	6.97%	6.88%
P/E Ratio (x)	25.26	15.78	14.70	13.29
ROE (%)	23.49%	27.69%	22.92%	20.21%
ROCE (%)	28.27%	39.97%	33.30%	31.94%
Debt Equity Ratio	0.89	0.34	0.17	0.09
EV/EBITDA (x)	11.05	7.82	8.00	6.99
Book Value (Rs.)	376.89	511.82	664.01	832.23
P/BV	5.93	4.37	3.37	2.69

Charts





OUTLOOK AND CONCLUSION

- At the current market price of **Rs. 2236.40**, the stock P/E ratio is at 14.70 x FY19E and 13.26 x FY20E respectively.
- Earning per share (EPS) of the company for the earnings for FY19E and FY20E is seen at Rs. 152.19 and Rs. 168.22 respectively.
- Net Sales and PAT of the company are expected to grow at a CAGR of 13% and 58% over 2017 to 2020E, respectively.
- On the basis of EV/EBITDA, the stock trades at 8.00 x for FY19E and 6.99 x for FY20E.
- Price to Book Value of the stock is expected to be at 3.37 x and 2.69 x for FY19E and FY20E respectively.
- Hence, we say that, we are Overweight in this particular scrip for Medium to Long term investment.

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