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## **ICRA reaffirms LA-/A1 rating assigned to the banklines of Venky's (India) Limited; assigns stable outlook; withdraws rating assigned to the CP/STD programme**

ICRA has reaffirmed the LA- (pronounced L A minus) rating assigned to the Rs 30 crore<sup>1</sup> term loan (reduced from Rs. 62 crore) and Rs. 18.0 crore cash credit (reduced from Rs. 100 crore) facilities of Venky's (India) Limited

(VIL)<sup>†</sup>. The long term rating has been assigned stable outlook. ICRA has also reaffirmed an A1 (pronounced A one) rating assigned to the Rs 7.0 crore short term non fund based facilities of VIL. ICRA withdraws the A1 rating assigned to Rs. 25.0 crore Commercial Paper (CP)/Short Term Debt (STD) programme of VIL as there is no amount outstanding.

The rating reaffirmation takes into account strong financial performance of the company in FY10 combined with dominant position of VH (Venkateshwara Hatcheries) group in poultry industry in India and integrated operations of VIL with its presence in value added products like processed chicken and SPF (specific pathogen free) eggs. The ratings are comforted by strong capitalization and coverage indicators of the company combined with strong profitability indicators. The ratings are however constrained by continued susceptibility to fluctuations in feed price movements and vulnerability to inherent industry risk of disease outbreak (bird flu). The poultry industry in India is highly unorganized with intense competition limiting pricing power of VIL.

### **Company Profile**

VIL is a part of the VH group which is the largest and most integrated poultry player in India with revenues of ~Rs. 3000 crores as of FY10. The VH group was promoted by late Dr. B.V. Rao and started its operations in 1971 as a sole franchisee in India of Babcock Farm Inc., USA. The company's operations span the entire spectrum of poultry activities from pure-line breeding, grandparent and parent breeding and sale of commercial day-old chicks (DOCs) to contract commercial farming. VIL also has significant presence in value added products like processed chicken (under the brand name 'Venkys') and SPF eggs which are used in manufacturing of animal Vaccines.

VIL was incorporated on 1<sup>st</sup> July 1976 under the name "Western Hatcheries Pvt. Ltd.". The Company became a Public Company with effect from 21<sup>st</sup> December 1988. The Company made a public issue in the year 1989. The name of the Company was changed to Venky's (India) Limited on 21<sup>st</sup> June 2000.

### **Recent Result**

In FY10, VIL has reported a net profit of Rs 54.5 crore on an operating income of Rs 707 crore as against net profit of Rs 20.7 crore on an operating income of Rs. 570.6 crore in FY09.

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*For further details please contact:*

*Analyst Contacts:*

**Mr. Subrata Ray**, (Tel. No. +91-22-30470027)

subrata@icraindia.com

*Relationship Contacts:*

**L. Shivakumar**, (Tel No. +91-22-30470005/00)

shivakumar@icraindia.com

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

<sup>1</sup>100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.

## **PRESS RELEASE**

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