

Multibagger Pick – Venkeys India

Venkeys India is one of the outperforming shares from the FMCG FOOD sector. The stock has generated a return of 158% from 1st Feb 2017 for its shareholders, whereas FMCG FOOD sector has given a return of 30% during the same period.

Venky's is an integrated player in the poultry business. Venky's rears chicken which is sold as live birds to distributors and which are finally sold as chicken meat.

Investment Rationale

Increased Institutions Holdings - Big Institutions are increasing their positions in Venkeys. The number of institutions were 22 in Dec 2016 which has increased to 27 in March 2017. This is also because the demand of chicken continues to grow at a pace of 15-18% per annum and Venkeys is well equipped to cater to this growing demand.

Strong Financials - In Mar 2016, the annual sales figure of the company was Rs. 2121.86 crore. In last three quarters, the company has already reported a sales figure of Rs. 1856.07 Crore. The Annual PAT as of Mar 2016 was Rs. 29.85 Crore and in last three quarters, the Total PAT stands at Rs. 83.04 Crore. The company has a current ratio of 2.55 and a quick ratio of 2. The Return on Asset of the company is 2.37 and the Return on Equity is 7.65.

Along with its strong fundamentals, investors should also be aware of the key risks involved

- Industry is vulnerable to the spread of disease & resultant consumer averseness.
- The government remains extremely aggressive in pricing maize which is a key raw material (~70% of RMC) for Venky's poultry business

The stock is trading at a low P/E Ratio of 17.50 which indicates that there is still scope for appreciation in the stock price. **Dynamic Levels recommends a BUY on Venkeys India as a Multibagger stock at CMP of Rs. 1292 with a target of Rs. 1600**

A great opportunity to learn "How to identify Multibaggers from a basket of 1700 odd NSE stocks". Come attend our Seminar on the 16th-17th May 2017 at Kolkata. Know more and Register at

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