

Transcript of the Interview given by Mr. R G Chandramogan, Chairman of the Company to NDTV Profit on September 4, 2025

Duration	NDTV Profit	Mr. R G Chandramogan
Slot 1	<p>Host 1: We had that was with RG Chandramogan, Chairman of Hatsun Agro on how the new GST reform will have an impact on the markets. Listening to this conversation.</p> <p>Host 2: How are you viewing this notification now that it is official? Uh the rate cut that's happening for the entire dairy space and this is not just dairy products, it's also for premium products like Paneer. How is the industry viewing this?</p>	<p>We asked for some rain but there is a cloud burst probably has been raining as a matter of fact.</p>
Slot 2	<p>Yeah. Yeah. Absolutely. Absolutely it is. And and so you know industry wide just wanted to understand as to uh how will this benefit the dairy sector demand as a whole.</p>	<p>See there are two benefits we can look at. One is consumer benefit consumer spending. Other is putting money in the rural pockets of farmer which will definitely benefit the farmers spending capacity. In fact, we are already working on passing almost half the benefit to the farmer and half the benefit to the consumers on whatever we are getting it as a tax exemption. This will stimulate demand. Not only that, the rural spending capacity will increase substantially over the period.</p>
Slot 3	<p>And and you know Mr. And so the the question then comes to my mind is that considering this this GST uh that that will be reduced and um you know generally this is on the price point itself just want to understand that how elastic is the demand when it comes to pricing in the dairy segment and I'll divide this into two things one is your core milk uh when it comes to milk and curd but then it also</p>	<p>See milk has got no tax that is not going too much of a disturbance or whatever it is. Curd has got already 5% tax it remains the same. We are also into ice cream where it was 18% tax now it is brought down to 5%. Paneer we are there Paneer is getting removed but Paneer what has happened the input tax credit will not be available. So marginally the price increase will be there but there is no tax. So the consumer will get it at a low price even for Paneer and every other item and this is going to be a Bonaza</p>

	comes to premium products like Paneer um how are you viewing this differently in terms where elasticity elasticity of demand is concerned.	for consumers and this will stimulate a bigger demand for products and services and also farmer will be benefited in a big manner. In my last interview when I said about more than 100 rupees it goes to GST once when we are selling butter and SMP this is coming down drastically to 30 rupees. So most of the benefits can be passed on to the farmer who will be able to earn more money and with this low taxes he will also have a better spending capacity and he will be able to save money also for the future for their family. This is going to be a big Bonaza. This is a revolution. I can say the tax revolution is going to help the economy in a much better manner.
Slot 4	Interesting. And and when you say that you know that 100 rupees which was earlier going to GST will now come down to 30 rupees. So that's a that's a that's a benefit of around 70 rupees for you as a whole does this mean that for you going forward the overall margin picture looks better?	No no no see actually this is for 25 L of milk. What I'm saying is of 70 rupees. So half of it will go to consumer. Half of it will go to the farmer. Farmer price admission we are going to announce it in the next 3 4 days. We are just looking at the structure and we want to give a better benefit to the farmer so that he is in that business and we can just encourage him to just buy more cows and be more productive. So we are looking at the benefit of farmer and consumer both together. This tax benefit will be shared between these two people.
Slot 5	M okay and can you give us a rough idea as to how much the price will come down by though you're still evaluating but just a rough picture as to how this can uh be calculated going forward and how this will benefit the consumers?	Milk will not benefit anything milk doesn't have any tax. Curd will also not benefit only. Paneer definitely there will be a benefit. but Ice cream their benefit will be too high benefit will be very high and we are still working on it and there will be a lot of structuring work that is going on and often I'm not able to say that but definitely the prices may come down by about 8 to 9% without any difficulty.
Slot 6	Understood. And when when it comes to these value added products for you, you know the trend in this dairy industry has been the rise of value added products because that is what is eventually aiding your margins as well as bottom line. uh now that this GST rat has cut in I believe	See value added is a myth in my opinion the issue is whether you have a brand for the consumer which can sell if I'm selling a particular cheese or anything to Horeca customer, I'm supplying a commodity. The value addition goes to the guy who is selling the end product. So this is not that value added game or anything. If I can sell to the consumer directly, we get the benefit

	that has come in I believe that um you know your overall demand for value added products is uh set to go up. So what is your reading with regards to where this demand for Paneer ice creams etc is concerned especially when that uh particular segment is so competitive on the on the rise of this quick commerce because quick commerce is offering um you know platform to brands which are not you know in the listed space or the organized space	and this has to be done by a brand. Even for e-commerce people, the brand is the one that sells easily. If you look at our company, we have got four brands. All four brands are market leaders either in the number one position or number two position or number three position. So this is what we look at. It is not necessarily a value added product which is spread all over India without any margin spending on logistics or supplying to the hotels. And this is not on the basis of product. It is on the popularity of a particular category in a given market that is brand that is going to help. And we are not selling for credit. The reason is the brand gets a premium. The brand is the value added item not the product in my opinion
Slot 7	That and that makes sense because um from what I understand is the consumer pattern also works like that in the lady industry. If one person uses a particular brand and has loyalty towards the brand the person continues to use that brand going forward as well and then the price elasticity there doesn't matter. Is that reading correct?	That's right. Actually one of the person just came to me and he was saying milk is not a value added item and I told him that you go to your wife and ask her to change the brand of milk what she is using she may not change the brand but she may change you I said so brand matters it is just not anything else.
Slot 8	Absolutely uh Mr. Chandramogan you know now that we've taken into consideration the entire GST aspect just want to understand from you that because this will get in an incremental demand and also uh you know overall augur growth in terms of volumes for you. What is the kind of anticipation now as to how this will you know boost demand and henceforth boost your volumes also going forward and lead to a you know better growth in terms of your top line?	Top line will also grow because of better spending given concession to different GST for different products. So the affordability of the people will help us to get the benefit in milk as well as curd which is not getting any tax benefit because Milk is already tax free, Curd is already taxed at 5%. These segments are not benefited by GST but the segment that will be benefited is Ice cream. Not only that the overall benefit of the economy, will benefit the consumption of Milk, Curd and Ice cream. I expect next year we can expect a growth of 20% in my opinion.
Slot 9	That's quite an interesting one because uh you know I was just going through your financials for the past four or three four odd years and I saw that the CAGR growth there had been around 12 to 13 odd%. So you expecting a	Capex is mostly done as you said and we also did the Capex in the new markets like Maharashtra and Telangana. So these markets requires some blossoming. So our heavy Capex also gave a slowdown because we are building a market in a new territory. Now that is also set that is the

	<p>20% growth because of this GST put uh GST reform is is a big statement to make Mr. Chandramogan um you know one more thing that I want you to understand is that you know in the past one or two odd years you've done a lot of Capex uh just want to understand as to you know now because this Capex will come into play for you in a big way because uh your you know once your demand get boosted you will have capacity utilizations at higher level how are you reading that most of your Capex? now I believe is done uh where are you viewing cap capacity utilizations at post this demand boost and where are they at right now?</p>	<p>confidence with which I am saying growth will be good in the coming year. Now we have already done the base work. The growth will come even the existing market as well as the new market of geography. So we are expecting that growth and GST is definitely a excellent booster to economy overall that will benefit even the sectors like Milk and Curd.</p>
Slot 10	<p>Understood. Uh Mr. Chandramogan, one last question to you. um you know last month correct me if I'm wrong here the uh dairy cooperatives had raised their milk prices uh and generally what happens is if dairy um you know cooperatives raise their milk prices uh you know company as a whole also has to go ahead and raise the prices but now that this GST boost has come in uh the the likely price hike would not be required um do you think there will be a roll back when it comes to these dairy cooperative prices or how how is that being viewed?</p>	<p>Dairy cooperative prices increase is not throughout the country.</p>