

**Transcript of the Interview given by Mr. R G Chandramogan, Chairman of the Company to CNBC TV18 on 11<sup>th</sup> May, 2023, two days after the Meeting of the Board of Directors held on 09<sup>th</sup> May, 2023**

<b>Duration</b>	<b>CNBC TV18</b>	<b>Mr. R G Chandramogan</b>
Slot 1	The next management with us Rupa Hatsun Agro with us... Yes.. absolutely. So, Lets straightaway gets to it. Ah..The next something that we are chatting with the...Hatsun's margins were hit by dairy inflation. The Company's gross margin has come down to a 24 quarter low.. R G Chandramogan, Chairman of Hatsun Agro is with us. Now Mr Chandramogan good morning. Thanks very much for joining in...So Lets get the big elephant in the room all the way. This inflation that we have seen in milk price.. I think it impacted your gross margins to.. almost 300 odd basis points. Ah... What's happening now in the first quarter.. milk prices...ah...have started cooling off and what is the outlook you can give us on the margins given the trend in raw material inflation.	See..Raw material inflation has been very high in the last 2 years. But it has started softening from the month of April.. So April end we are back to normal,. And the commodity prices are comparatively coming down in April.. about 3-4%. So, it gives an indication that the inflation, the top of the inflation we have already seen and the price correction whatever we have to do we have done it. So, going forward, we expect a normal year similar to prior to Covid. Covid 2 years and subsequent to covid it was inflation and other things greatly hit. . we are back to normal..hopefully, this year we will be.
Slot 2	So..ah.... your gross margins were about 27%..what will they be....I mean.. when you say, you projecting a normal year like pre covid where will they be fine.. FY 24 sir?	Normally it should be 3% more compared to normal...sorry..compared to the last year. Because, things are getting better.
Slot 3	So, about...ah...about 30% gross margins.	We can look at.
Slot 4	Okay. So that ...that explains the the margin picture and you know...the EBIDTA level you should be better off..ah..lets talk about the top line demand, volumes..ah.. what are the	See..the.. because of milk inflation, there is some slowdown on the growth of Milk. Milk is growing at a comparatively lesser pace. But,Ice Cream and curd is growing

	<p>trends that you are seeing in to the first quarter....ah.....as you know..kicked off this year and what's the expectation on volume growth??</p>	<p>comparatively much better and faster. So, overall probably ..we will be able to grow ....say.. combined effort, better than last year. But, Probably, it is too early to predict the whole year... because.just now only we are getting out of the shocks of inflation and other things. So, market has to pull up and settle.</p>
<p>Slot 5</p>	<p>So..so., may be just the first quarter figure give us some sense on.. on volumes..ah.. to what extent, the volumes impacted in Q4 on on Milk specifically on your overall total volumes and what do you envisage lets say for Q1 of the first half of the year ?</p>	<p>Q4 probably,, the volumes have been comparatively stagnant we can say. But, Q1 of this year, probably volumes are stepping up . But, we are only in the middle of it. And things are improving. Normally, once you are adjusting the price for inflation and increasing the price, market will take about a month to settle down and then start giving a small increase. So, all these corrections have been done in the fourth quarter and we are now set with the first quarter of the year. So, this first quarter probably, slowly we are coming out of all the problems and the inflation is behind us. inflation is not hitting us any more and inflation can deflate a little over a period of june...july..coming months</p>
<p>Slot 6</p>	<p>Okay..Alright. Sir, You could just give us some more colour you know.. it is difficult year.. because, things are shaping up... there is a recovery in sight? But What kind of a top line growth you are unable to give us. But at least, we can assume double digits? Double digit growth is definitely positive in terms of revenues and in terms of margins early teens are possible 12-13% that is gettable?</p>	<p>Probably I don't want to say anything right now. Because, we are only on the recovery track probably I will have a better conviction by june end. But, definitely things are improving that I can say.</p>
<p>Slot 7</p>	<p>Ok... So, We will take the improvement as of now and atleast, double digit growth is what you are working with. Now, in the last 4 years, your gross block has see has gone up</p>	<p>See. You said the double digit minimum double digit...</p>

	<p>..because you have incurred some Capex. I think, close to 1500 to 2000 Crores approximately. I want to understand from these revenues you are delivering of around 7500 Crores. What is the potential the peak revenue potential because you have undertaken some Capex?</p> <p>No... I asked the... yeah...peak... peak potentials... peak potential.. not what you are doing currently...but at optimum levels, given the kind of capex that you have done... in the next few years... I mean what could be the peak revenue potential?</p> <p>Ok. Alright. Not.. Not for just this year sir.. Going by the current investment that you have made, ah..without incurring too much of capex, can you go to 10000 crores.. can you go to 11000 crores in terms of potential?</p>	<p>Coming this year, probably, the peak revenue potential is something like 8500 to 8700..</p> <p>Current investment, we can go up to 10000 crores with minor balancing investment. Minor balancing investment may be required. But, the main components are capable of delivering 10000 Crores revenue.</p>
Slot 8	<p>Oh god. Ok. There is the capability what not what you are saying you will do.. but, the... the...what you can do with the existing with some investments infused.</p> <p>Ofcourse, Yes..</p>	<p>As we are just coming out of inflation, it is too early to commit. But, we are on the track and we are looking forward.</p>
Slot 9	<p>Yes.. No.. I just want to clarify that ah.. sir, ah... this lumpy skin disease..ah... how is.. yeah, we are seeing the back of it now or that is going to continue to be a factor in FY 24 as well.</p>	<p>No. It is a history. No more the problem is existing and probably, we have come out of all that</p>
Slot 10	<p>Okay. So all behind. And you said that... compared.. in milk you are saying there is a bit of a slow down... Is it? milk demand.. as compared to other products like ice cream etc.,.</p>	<p>Needs Correction. But, Probably it has also started recovering So, we are only on the transition as of now. But, the transition is faster.</p>
Slot 11	<p>Hmm...Okay. Alright Sir.. You could give us few more details... ah..you know, you are trying to go to .. non south geographies.. and I think.. you are targeting closer on 20%. Could</p>	<p>See the private companies probably they had their own issues compared to them. That's a different market and this is a different market. We are all you see.. risk Capital. And</p>

	<p>you tell us.. ah... what.. what is the near term contribution that you are looking at from non south... and also, had an other question... I am looking at Amul.. you know.. obviously very different market.. but the growth in comparison to FY 20 has been far superior. How come that is happening?</p>	<p>Cooperatives have got certain advantages of using government help and infrastructure and other things.. say.. certain unions they have the advantage of using the subsidy... certain unions they have the advantage of using certain other benefits. We didn't have those benefits. As a company, we continue to grow and last 2 years, we have been heavily investing keeping the future in mind. And our Capex has been done at a right time when the capex was comparatively less for the capacity what we have built. going forward, but we don't want the comparable.</p>
<p>Slot 12</p>	<p>Ah.. That Mr Chandramogan Thank you very much for detailing all the... you know... the various aspects at plane at the business time around really appreciate you to joining us on the show.</p>	