

**Transcript of the Interview given by Mr. R G Chandramogan, Chairman of the Company to CNBC TV18 on October 20, 2023, a day after the Meeting of the Board of Directors held on October 19, 2023:**

<b>Duration</b>	<b>CNBC TV18</b>	<b>Mr. R G Chandramogan</b>
Slot 1	Let's shift focus then to Hatsun Agro Product .....the Company witnesses its Margin improved after 8 quarters due... to price increase has taken in the last 12 to around 18 months , a huge jump in other income as well that has headed the company's profitability... Mr Chandramogan, ah..the Chairman at Hatsun Agro joins us on the show. Hi Sir, Good Morning, thanks so much for joining in... first give us a couple of numbers first... your gross margins has improved and that's what helped your margin performance as well. Do you expect margins to head little bit high from here on What kind of guidance can you give us for the second half of the year.	See. The first half of last year, we suffered with commodities bound for being constituting of milk. Now, we have enough milk. Number one. Number 2, our milk arrivals have improved by 20 to 25 % in the months of September and October which gives an indication that in the second half cost will be under control. Not only that. We are not including dairy ingredient business that is one of the reasons for the growth of business being less which is single digit. Hopefully, the second half will have commodities also joining in and mostly it will join in the fourth quarter but in the second half commodities will also play a role because we have enough milk and we have enough products which we can sell in the market.
Slot 2	Ah, Mr Chandramogan, can you tell us what exactly was the volume growth that you saw in this quarter and what is the kind of average volume growth that you can do in the second half of the year?	Volume growth started happening only by September with the procurement. October it continues. The volume growth is likely to be somewhere around 20% volume growth is expected and this is going to play...
Slot 3	Sir.....Sorry....Sorry to interrupt you.. I didn't intend to do that..but 20% volume growth you said would be for the full year is it? I just trying to get the time line.	No...no...no..no...no..no...no... the first half we were gradually stepping in and the second half got the 20% procurement in hand as of now. So this will reflect in a better sales in commodities apart from the branded business whatever we have.

		The second half, the revenue will be better than the first half. Margins will be sustained and maintained. Not an issue.
Slot 4	So, it is fair to say...that the volume growth in the second half is expected to be 20% right? That's what you are saying	15 to 20%. Because, probably commodities will not be sold in this quarter. This quarter will not have a better price. So, the next quarter only we will be selling the commodities in a big way. And the subsequent quarter we will be holding the stock. So, it may be somewhere around 15 to 20%. You can say that.
Slot 5	Hmmm...Ah.. Sir. Good Morning. You know, you said you will hold the margins.. but from this 10 to 11% band, could you move the 11 to 12% band?. I mean, is there a visibility?.	We are already at 12.2% EBIDTA. So the EBIDTA levels can be sustained without any difficulty with the increased sales in the second half.
Slot 6	Okay. Alright. Ah.. give us little details on your balance sheet sir. You know, I think you were talking about bringing the debt down to around 500 crores in the next 2 years. Currently, it is around 1500 crores you have done a rights issue I think QIP as well in the last 12 months or so. Where do you see this debt number end this fiscal and by the end of FY 25 does it come down to 500 crores?	FY 25-26, we are expecting it to happen for 2 reasons. Actually, we have a heavy depreciation and also on the interest that is IND AS which is also about 30 crores so that is not the cash outflow, the depreciation and cash inflow of IND AS itself is more than 400 crores per year. So, that will be the main flow apart from the normal profitability what we are looking at.... this year fearing the last year problem we also kept heavy stock so, those stocks will get diluted over a period. So, both put together it will reduce the working capital burden and the debt together with the better profitability in the coming quarter.. second half.
Slot 7	Ah...Just follow up to what Prashant asked you on margins... you said margins will sustain around these levels. So is it fair to assume that you will... I mean gross margins in Q2 around 30% that is something you can hold on to for the rest of the year ... is that correct?	No.. no.. I am only saying EBIDTA of 12% plus is possible for the second half. I am not talking about gross margins and all that. Right.

Slot 8	Okay. So EBIDTA of 12% is sustainable for the second half of the year. Got that and in terms of .....your debt..	With incremental sales....
Slot 9	With incremental sales...	Yes yes.. debt will start coming down with the dilution of dairy ingredients by April, May, June, I think the debt will come to less than 1000 crores in our opinion.
Slot 10	Okay. So, Less than 1000 Crores of debt by April of 2024 got that....Ah...	No.. no..no. I am talking about from June June 2024, the dairy ingredient dilution will take place and debt will come to less than 1000 crores I am saying
Slot 11	Ok. And earlier you told us that you intend to take the debt below 500 crores over the next 2 years.. you hold on to that target is it?	That is right. I am talking about only the coming year we will be less than 1000 by June and another one more year is there where we can just bring it down to 500
Slot 12	Alright. We leave with this good luck and appreciate you in joining in with all other perspectives and it's all our pleasure sir speaking with you sir....	