

**Transcript of the Interview given by Mr. R G Chandramogan, Chairman of the Company to CNBC TV18 on 20<sup>th</sup> January, 2023, a day after the Meeting of the Board of Directors held on 19<sup>th</sup> January, 2023**

<b>Duration</b>	<b>CNBC TV18</b>	<b>Mr. R G Chandramogan</b>
Slot 1	To chat with us. Hatsun Agro has delivered a mixed wagon Q3 the Company's margins witnessed an expansion on a earlier basis even as it contracted sequentially. R G Chandramogan, the Chairman of Hatsun Agro Product now joins us on the show now. Afternoon sir and thanks so much for joining in. We were just telling our viewers your margin performance. Could you give us an indication about the pulls and pushes on the margins in the subsequent quarters what should we expect?	Actually our EBITDA has increased compared to last year. Actually last year same time we did 162 versus 191 this year. Taxation is sorry depreciation and interest has been higher compared to last year that has resulted in one crore less profit on the PAT. Going forward, the last three years we have done a lot of infrastructure investments and we also had a dip of milk procurement due to incessant rains and lumpy skin disease. So these are becoming past. Going forward we expect things to improve and again the season for ice cream and curd will be better that is our expectation.
Slot 2	Margin range sir for us to work with and how much of milk procurement price has gone up?	Procurement price has gone up by almost 16 percent compared to last year to this year and the increase of selling price took place in stages compared to inflation that hit but now inflation is moderating and probably we are not expecting any price increase and inflation and the price is also accommodated to.
Slot 3	Okay. Mr. Chandramogan, two part question here. First when you talk about price increases that you have taken in phases so far how much of a price hike has been done by the Company in nine months and have you seen an impact on volumes of demand because of that ah sir going	FY 24, we expect a good growth because probably the stability has come now. Stability once and it comes probably the things will start improving. We expect probably the products also to play a major role like ice cream and curd because seasonality factor has been heavily affected in last six months due to

	forward do you expect recovery or better growth in FY 24?	heavy rain and normalcy is coming back so we expect things to improve from this quarter.
Slot 4	Okay. So when you are talking about improvement but can you tell us if volume saw decline on a quarter on quarter basis or on a yy basis because of the price increases?	No. Price increase will also definitely will add to it and apart from price increase we should be able to get a marginally better perfect. But it is too early to predict because we are only the month of January but things are looking progressive.
Slot 5	What is a volume growth in Q3?	Q3 we already had an EBITDA of 11 point
Slot 6	No sir. Volumes.	Volumes. Volumes actually didn't increase a lot because the price increase has taken place. Now price increase has to stabilize and the volume increase will happen only this quarter as well as the next quarter.
Slot 7	Did volumes decline? Did volumes come down? If yes, by how much year on year and quarter on quarter?	No no. Milk volumes have come down by about 4 to 5 percent. But this is not occurring this quarter and the ice cream volumes and other things have already grown.
Slot 8	Okay. All right. So you have also approved fund raise through Rights Issue and QIP this time around the quarter gone by uh by when do you think you'll complete it uh what kind of uh usage will you see because of the funds that you have been raising will it be capex debt reduction uh can you tell us more details on this?	Actually capex we have done sizably well in the last three years. So last three years once when covid was there, our project cost implementation were comparatively less and we were able to do it faster. Now we don't require capex infrastructure. This is mainly for debt reduction and our 300 Crores has been raised and our debt equity ratio will already fall to less than 1:1, from tomorrow, most probably the funds will be available from tomorrow.
Slot 9	Okay	So we have not gone for QIP and we are settled with Rights Issue and it is already done.
Slot 10	Okay. So all of the money raised by the Rights Issue will go to bring your debt with debt to equity below 1x and not for capex because your capex	Ice cream probably there are two brands and probably, every year probably the brand contributes, immediately I don't have the figures

	plans have largely been completed. So how much did ice creams contribute to your overall revenues and do you have a target because earlier you have indicated mid-teens kind of revenue contribution.	to say. But probably it is just increasing.
Slot 11	Okay. So you are taking about capex that you have already announced and you do have couple of plants which will start commencement of production as well and they will start contributing so to say from FY 24 as well. How much of a total addition will you see to revenues? Will it change your margin profile as well in any way?	Right. It will change the margin as well as revenue. Both. But probably it is to early to say recent milk arrivals has improved because after the rain, milk arrivals have started improving. It is too early to predict. But the next year probably we can expect something like 14 to 15% growth without any difficulty.
Slot 12	Okay. 14 to 15% growth without any difficulty and when you are talking about growth will you be spending more on advertisement as well? You did see a decline this time around that is something that led to improvement in margins as well. What is the range that you can work with?	Normally advertisement we spent about 2 percent of the revenue and it will be more as a percentage for ice cream and probably less as a percentage for milk. So overall we normally spend about 2 percent.
Slot 13	How is competition? You know lot of d2c brands which have opened up. Peoples who have brands which are selling vegan ice cream low calorie ice cream. Could you give us the sense of the competitive intensity in the market?	We are we are mainly focused with dairy fat ice cream and we don't even just go for vegetable fat ice cream and all that. Vegan and all that is very limited market and limited niche and we are focused on dairy fat ice cream.
Slot 14	All right Mr. Chandramogan it was a pleasure speaking with you sir. Thank you so much for joining us and taking us through quarters through performance and the after going forward as well that's the word coming in from Hatsun Agro Product the stock has recovered a tad bit from the lows but still down one and half percent in trade right now.	