

Transcript of the Interview given by Mr. R G Chandramogan, Chairman of the Company to NDTV Profit on April 23, 2024, a day after the Meeting of the Board of Directors held on April 22, 2024:

Duration	NDTV Profit	Mr. R G Chandramogan
Slot 1	Hello...and welcome..thanks for tuning in to the small and midcap show here in NDTV Profit and I am Harsh Saitha..with me is Mahima Vachrajani...and..you know.... wish to welcome very special management because the numbers have been extremely strongthe stock is up and away ...we have the management of Hatsun Agro Products..we have R G Chandramogan, Chairman at Hatsun Agrothank you so much sir...welcome to NDTV Profit ...it's a pleasure having you here..	Thank You..
Slot 2	So..Sir.First half, I want to try and understand the traction with regard to volumes for Q4... numbers are very solid of course... volume lead...largely because there has been no change in price per se?	Yes.. Its volume growth and not the price inflation....
Slot 3	Sure.. and also what... whats driving the volume traction in your view..ah.. for Q4 and can it last in FY 25 as well?	See.. Last three years, the covid after effect was also hitting us and it created inflation last year and after that it is settled and prices are corrected and those corrections took the first half of the year..from the second half we are comparatively well settled...so,,things are improving and market front also is helping us..and we are able to focus on this..this rather than attending to the covid issues and all that...things are improving..

Slot 4	Understood. Ah..Mr Chandramogan.. Mahima this side... well..I want to understand...am...from your entire portfolio you know.. what are the products that are actually adding the value..i just want to understand the mix in terms of what products are adding value and and how much is you know..Icecream different from your overall milk products then?	We don't have that right now.. we are actually of the opinion there is no separate value added product.. if it is branded and if it is having the market leadership that is a value added product... we don't believe in this product is value added or that product is value added...or we are in to 96% of the sales is only branded goods that is value added.
Slot 5	Yes..sir..so.. I take your point. I just want to try and Understand the mix a little better..as you have evolved with regard to products within ah..the if I can call it a value added basket from a perspective that you are moving more towards stuff like chocolate more towards stuff like icecream.. and as you are moving in to some of these spaces.. whats the kind of mix that you are expecting to see in FY 25-26 from some of these products.. ah.. how do you expect the mix to evolve?	No..If you leave milk, commodity and feeds.. 35% will leave the normal things on icecream , curd and all that.
Slot 6	Sure. And sir... with just with regard to the mix what is it currently in terms of what % age of topline is milk vs the products and where will that go in FY 25?	No..no.32% is the present means it will become 35% in the coming year.
Slot 7	Understood... ahm..sir,,ah..sir...I also wanted to understand how have the raw material prices been like I from what I have understand the milk prices eased down for the last quarter.. ahm...how have they played well for you one thing and going forward how do you expect because ah...from what I have understood is that you know your inventory levels have gone up so if you have stored inventory because raw material prices have gone down.. so what is this play what is this play look like and how will this impact your topline going forward...	See... last year has been an abundant supply of milk for all the people and this is the time to store and serve. And we have stored and we have kept the reserve. This year we are expecting an acute summer according the weather bureau.. if that is the case, the flesh may not be as good as last year. But we have the war chest of commodities in any eventuality, the cost of inflation will not hit us and we are well prepared to meet any contingencies without any difficulty. And we will not be surprised by the price increase or anything and we will be able to manage with our own stock in a much better and competent manner.

Slot 8	Understood sir.. that's that's good to hear with regard to preparedness.. just with regard to how the margins are therefore evolving as a result of this and therefore you might expect more stability in terms of margins in FY 25.. is that correct way to look at it... can margins sustain above 12%?	That's.. actually margins improved better than last year. Margins have to improve and also we are expecting almost 15% increase in topline and almost 1 to 1.5 basis point in margin. Both are expected.
Slot 9	Al.. right.. point taken Mr Mogan. I now want to understand in terms of debt...ah... from what I have understood is that you know..fa.. for march fy 23 year ending...your debt was around 1500 Crores both short term and long term which has gone up to around 2200 odd crores.. so... ahm..how does the debt trajectory look like where do you think that from when do you start the debt.. the thing that debt will reduce?	See.. this is almost half of that is term loan and working .. term loan and other things..and most of it is stock.. but this stock will be very useful to us in the last.. next 6 months.. gradullay it will get diluted and we will be still maintaining some stock.. but the debt levels will start falling.
Slot 10	Sure sir.. and extent of that fall.. ah...how much can we expect that to fall by?	We are not in a position to give any guarantee on that... because probably it all depends on how far the rain will be acute.. based on that the stock prices stake.. stock volume.. will vary.. but this will give a price stability without inflation.. that is the only thing I am in a position to say..
Slot 11	Sure...Understood sir.. and with just with regard to capacity utilization,, how will it evolve especially with regard to your Solapur and govindapur facilities..ah.. what are the capacity utilization at these facilities currently and how will it evolve in FY 25.. they are expected to get better if I understand right..	See.. in icecream, we have 3 factories and govindapur is the 3 rd largest factory..last year we were able to do 50% only.. but 24-25, we will be able to do 75% utilization for 2 reasons... these two factories are already saturated last year itself.. so, any growth will just go to govindapur automatically.. so, this year we will be able to have better utilization of property.. and also, Solapur is likely to do much better because Maharashtra also we are gaining momentum..and we are also supplying to north Karnataka and

		north telengana from the Solapur factory.. so both capacity utilization is likely to substantially go up.
Slot 12	Understood sir., sir..I also want to understand that what do the margins look like when it comes to your... you know value added products vs. the milk that that you are selling..where is the.... like where does the value come from exactly in terms of margins then?	I don't have any value added product.. every brand is a value added product.. I explain you categorically.. even milk value added product.....when our margins are safer.. so there is no separate value added product.for us and we don't do it also.
Slot 13	Understood.... Sir.. any kind of bifurcation that you can give us vs. milk vs. your the milk products then	This is internally discussed... probably its not for external discussion..
Slot 14	Ok..ah..ok.. so...then one more question to you.. ahm....you know you have given a revenue kind...guidance of around 10000 crores..and right now your revenue is around 2000 odd crores... so... ah..by when do you think you will reach the 10000 mark that you have guided.	We will be close to it by this year itself.. 24-25 itself..once I am talking about 15%, probably 8000, its about 9200, it may be 15.. it may be 20 also... it all depends on how the monsoon is going to turn out.. we are most likely to come closer to 10000 if not this year, next year we will cross it.
Slot 15	Sure Sir.. and with regard to this revenue number.. you guided for a 15% growth ah..which is quite healthy.. pricing to remain stable and therefore all of these will be volume driven?	Volume driven...there is no price increase here anticipating ... its all volume driven.
Slot 16	That's..thats good to know sir..ahm. and just with regard to.... Ah...you know.. you mentioned that the heat wave may have an impact with regard to ah..milk production ah...in the country.. does that therefore give you an advantage given the way you have shored up on your inventory vs. competitors?	Compared to others... we think..probably we are well equipped.. I can say...well equipped.. the reason being in the fresh year we are able to gather all the milk whatever that was supplied and the procurement has gone up 20% compared to the earlier year. So we are competitive in milk and today that is going to just help us in the process in case if there is a acute lean also.. we can manage comfortably. If there is a modrate lean, we may be able to sell some commodities at the good premium price and get out of it.

Slot 17	Ok. Point taken.. ah...my last question to you sir .. would be that you know you mentioned.. ah.. in your concall.. that you..know.. you will.. you continue to explore export of icecream..to various countries..so I just wanted to understand what kind of initiatives you have taken in this regard.	We are already available in 4-5 countries.. and we are trying to explore a few more... we are mainly looking for smaller countries... where probably it is definitely penetration is easier.. a country like brunei..a country like seyschelles..we start looking at this type of countries and we are already exploring it.
	Ah...well..ok.. Mr Chandramogan..thank you so much for taking our time and speaking with us NDTV Profit.	