

# Hatsun Agro Product Limited

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25<sup>th</sup> April, 2023

**BSE Limited**  
**Corporate Relationship Department**  
**2nd Floor, New Trading Ring,**  
**Phiroze Jeejeebhoy Towers,**  
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**National Stock Exchange of India Ltd**  
**Exchange Plaza, 5<sup>th</sup> Floor,**  
**Plot No. C/1, G Block,**  
**Bandra Kurla Complex,**  
**Bandra(E), Mumbai – 400 051**

**Stock Code: BSE: 531531**  
**NSE: HATSUN**

Dear Sir / Madam,

**Sub: Transcript of the Interview given by Mr. R G Chandramogan, Chairman of the Company to BQ Prime on 18<sup>th</sup> April, 2023**

**Ref: Our Office Letter Ref No: HAPL\SEC\06\2023-24 dated 18<sup>th</sup> April, 2023**

Pursuant to Regulation 30 – Schedule III, Part A, Para A, item 15(b)(ii) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the transcript of the interview of Mr. R G Chandramogan, Chairman of the Company given to BQ Prime on 18<sup>th</sup> April, 2023 is enclosed for your information and records.

This information is also hosted on the Company's website at [https://www.hap.in/pdf/Transcript-BQ\\_Prime.pdf](https://www.hap.in/pdf/Transcript-BQ_Prime.pdf) as per Regulation 46(2)(oa)(ii) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you.

Yours faithfully,  
**For Hatsun Agro Product Limited**



**G Somasundaram**  
**Company Secretary and Compliance Officer**



## Hatsun Agro Product Limited



**Transcript of the Interview given by Mr. R G Chandramogan, Chairman of the Company to BQ Prime on 18<sup>th</sup> April, 2023:**

<b>Duration</b>	<b>BQ Prime</b>	<b>Mr. R G Chandramogan</b>
Slot 1	<p>Thanks for tuning into this conversation. I'm Niraj Shah. The term 'Milkflation' has caught on at least in Economist conversations and a fear around what milk prices and wheat prices could do and milk shortage and maybe wheat shortage could do to inflationary pressures in India is now starting to come about in the realms of the conversations. We thought it best to get in somebody who's been in an industry at least in the milk industry in a dairy industry for a very long period of time one of the leaders of the Indian Dairy ecosystem Mr. R G Chandramogan. He is Chairman of Hatsun Agro Products joins us to talk about his thoughts on whether he is worried about the same or not. Mr. Chandramogan great having you thank you for joining in. Does, does the I mean do you sense or do you believe that there could be a prospect of there being a shortage of milk in India in calendar year 2023?</p>	<p>See there was a shortage but it is not going to be the case in future. See last year we had different issues. After two years of demand destruction of covid, demand started picking up internationally including domestic. But the international fair prices went up beyond a reasonable level and it went upto 583 Rupees Indian value or something like 7100 US Dollars. That way India started exporting before stabilizing last year. So India exported over and above the normal quantity of key branded. They exported 20000 tons extra. That 20000 tons normally in a fresh period it is being built for the lean to protect. So we have exported with a better price and after that there was a shortage. Inflation started creeping in but one good thing about this particular inflation is the farmer was in shop for almost two years. So, this inflation is stabilized thing and I don't expect any further inflation based on this. This has come to a peak.</p>
Slot 2	<p>Which is good to know sir. I was talking to a couple of economists and one of them actually both of them referred to this but one of them mentioned that there is there is a demand supply mismatch that is going to come up and there might be a case of importing milk into India which has prompted me to write a request to you to talk to us is that a fear you think or no.</p>	<p>No. See two things have happened. First crisis started on 20000 tons extra export of butter that has been the real problem. So they were talking about almost importing the same volume. This was the situation in January February. Going forward, Delhi had a comparatively cooler climate for quite some time with some rain hitting Delhi. So the flush of Delhi extended by a month. This is the good news. This is a blessing in disguise and our normal flush season in Tamil Nadu and South is supposed to start by May and it has</p>

		started now. From almost April first week it has started. It is slowly gaining momentum. By the time Delhi is shutting off probably the South as well as Maharashtra will start coming up with milk. So the problem was acute in the month of January February not today and by June nobody will be talking about probably milk shortage or anything. The inflation may also moderate to an extent of Three to Four percent down by June, July. Not before
Slot 3	Okay. So so one is the inflationary pressures two is the imports you reckon that importing milk is out of the question. Uh South and Maharashtra will compensate what Delhi might vacate and that together will ensure that we don't reach a point wherein India has to import any kind of milk.	I don't think there is any need for it. Okay it's important it must have been done by January February not now with flush coming into this. Flush coming into southern part of India and also Maharashtra. It is too late and it will be only damaging the local Farm.
Slot 4	Got it um well but from a country perspective that's great to know. Mr. Chandramogan so thanks for giving us that insight. Um quick follow up therefore and I know you can't talk numbers but I'm just trying to understand I heard you say that even if milk prices don't come off you see that the peak prices we've kind of reached the peak price levels. To your estimates sir um do prices stabilize at the current level is before June July when we see the first signs of normalcy in demand supply or can we start seeing some bit of a pullback before that also because the markets may discount the future.	No. I don't expect any price increase hereafter. See companies went through a turmoil last year because inflatory pressures made them pay a higher price to the farmer and in the consumer price they could adjust immediately. So that particular year of disturbance is over. So we are basically under track of recovery. We don't expect any price increase further and it can only moderate after June not before.
Slot 5	Ok. Would there be a sharp moderation? I'm just trying to understand based on what the prices had increased by, would there be a sharp moderation in prices or will it be a gradual one sir?	No. Actually there will be gradual moderation but probably the old prices will never come back. So it may be a from this present crisis it may be down by Three to Four percent in my opinion.
Slot 6	Got it sir. So I don't want to get into numbers Mr. Chandramogan but just	See. One major issue in our opinion is skimmed milk powder is taxed at Five

	<p>trying to understand what do what does a price increase of such a such a proportion in such a pace of increase due to business prospects for companies like yourself.</p>	<p>percent. Milk is separated into two parts. One is skimmed milk powder another is milk fat. So during the summer, we re-blend it to make milk to compensate the missing volume say may be Eight percent to Ten percent. On this particular note, our GST rates are Twelve percent for fat Five percent for SMP. This is getting added up on the reconstitution which is adding inflation and also pressures. Say for example, fat at Twelve percent and Five percent SMP is adding costs by almost Eight percent to the full cream milk and we have requested the Government to consider reducing the tax of Twelve percent to Five percent for fat also. Because in milk you can't get the rebate back because there is no tax on milk but these commodities which are made out of milk is not allowed to get the compensation. Now a foreign farmer who is planting the edible oil grains and the edible oil is charged at Five percent, why we should charge a local farmer at Twelve percent? that is our contention. So the fat can also be at Five percent means. Government can moderate the inflation straight away by about Two to Two and half percent straight away we cannot wait.</p>
Slot 8	<p>Got it sir. Well I hope somebody is listening into this on that as well but I'll just just one clarity that I need before we wrap up this interview</p>	<p>Yes please</p>
Slot 9	<p>I'm trying to understand that when the prices have gone up at a particular pace that they have what does it do to business prospects for your company sir? Don't let's not get into specific numbers but just trying to understand the impact.</p>	<p>No, actually in the long run this is good for the country as well as the companies also for two reasons. So after two years of covid the farmer was under a shock whether to focus back into milk or not. This particular inflation though it has damaged to some extent of the economic side, it has given a pepper for the farmer and hereafter you will be able to maintain the animals well and though the prices may go down by three to four</p>

		percent still you will be in business and you will continue to supply. I expect probably the peak is already done and we are only on the moderation of gradually coming down but not to the whole levels but some moderation will definitely be there before June end.
Slot 10	Okay and and at these levels the margins get compressed or you kind of maintaining the margins because you also have to pay the farmers accordingly.	Till March we couldn't maintain the margin because probably we were in a tremendous pressure. But in April we are back into the pavilion and I think probably hereafter probably it will be a normal year subject to no other volatility coming in. Three years we have been used to volatilities after volatilities.
Slot 11	Well. Hopefully it becomes smoother going ahead Mr. Chandramogan thank you for joining us allaying some fears around milkflation as the term has being become popular of sorts for the wrong reasons of course but much appreciate your time sir.	Thank you thank you
Slot 12	And viewers thanks for tuning into this conversation.	Bye