



"Kwality Dairy (India) Limited"

May 15, 2012



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**MODERATORS: MR. HARJIT SINGH SETHI
MR. SIDHANT GUPTA**



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Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY'12 Earnings Conference Call for Kwality Dairy Ltd hosted by Almondz Global Securities. As a remainder for the duration of this conference all participants' line will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. If you should need assistance during the conference please signal an operator by pressing "*" followed by "0" on your touchtone telephone. I would now like to hand the conference over to Mr. Harjit Sethi. Thank you and over to you Sir.

Harjit Singh Sethi: Thank you Sheena. Good afternoon friends. On behalf of Almondz Global Securities it is indeed a great pleasure to welcome you all to the Q4 FY 2012 earnings conference call of Kwality Dairy Limited. We welcome Mr. Sidhant Gupta, Director, and other members of his management team on the call. I would like to hand over the proceedings to Mr. Sidhant Gupta to take us through this quarter's performance and provide insight to the business. Sir, over to you.

Sidhant Gupta: Thank you Harjit ji, Good afternoon Ladies and gentlemen. Let me just thank you for joining us today to discuss the quarterly and year ended March 31, 2012 results of Kwality Dairy India Limited. Let me first take you through the key developments of the company during the last full year. The most important of it was the launch of Dairy Best Nutrified Milk. We have launched pouched liquid milk under the brand Dairy Best in the NCR market towards the last week of December 2011 and we are pleased to inform you that we have been able to touch a remarkable figure of approximately 2 lakh liters per day in just five months of our launch. We expect the milk sales to touch approximately 5 lakh liters per day in the next two to three quarters. This will substantially reduce our working capital requirement for the milk segment in the coming quarters. Branded milk sales will also help us improve the gross margin of the company. The USP of this product is that we have nutrified it with calcium, vitamins A and D and that has been the differentiator in our product. The other thing that we did was the launch of curd that was done in the consumer pack. We were already doing the bulk pack but consumer pack was done and also the bulk pack for the caterers that is 2 kg to 15 kg. The company launched branded, pouched, and set curd in the market in November 2011 and there has been a fantastic response to the curd. We have been already able to touch almost around 10 to 12 tonnes per day for the bulk pack that is 2 kg to 15 kg and consumer pack are almost around 8 tonnes which is starting from 80 grams to 1 kg. This bulk pack mainly goes to the caterers, restaurants and the hotels. We have also got our brand registered with IRCTC that is Northern Railways and in fact you can find our curd in 80 grams and also our dairy whitener which was launched in Shatabdi and Rajdhani. The company is consistently working to build a strong distribution network in the NCR market to push the branded value added product and that had already been the vision to move the institution products to the branded consumer product. Another launch



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that we did was the Dairy Best Cottage Cheese. The company launched the cottage cheese in the NCR market that was also done in November 2011 along with curd and there has been again a very good response. We are already touching four to five tonnes per day and all that in five months of launch. These are only in 200 grams and 400 gram pouches and we are consistently working to build a strong distribution network in the NCR market to push our branded value added products but the focus in the coming times is moving from the institution to the consumer value added products. We launched our liquid milk in Delhi, parts of Uttaranchal, parts of Haryana which are touching Delhi and part of the NCR like Sonapat and Panipat.

I will quickly run you through the quarterly results. For the quarter ending March 2012, the company's net sales increased by 60% to 753.2 Crores from 471.9 Crores in the corresponding period last year, therefore for the full year FY 2012, our turnover today stands at almost around 2394 Crores as against 1608 Crores, total sale of last year. Our EBITDA for the quarter increased by 57% to 49 Crores as compared to 31 Crores in Q4 FY 2011. There was a tax write back up on account of MAT entitlement for the FY 2010-2011 and also FY 2011-2012 of almost around 10 Crores because of which the profit after tax for the quarter ended stood at 37.6 Crores as compared to 16.2 Crores Q4 FY 2011 thereby registering an increase of almost 132%. Going ahead we are focusing to become the third largest organized dairy player in NCR region. This is behind Mother Dairy's 25 lakh liters a day and Amul 20 lakh liters a day in the next one year. We are also in the process of doing some CapEx at our facilities to augment the processing capacities that we have and as we discussed the last time that the focus is on procurement because again selling here in India dairy products is not very difficult only if you have good quality raw material which is the raw milk and that is the most difficult part in this industry, now that is all from my side. I would like to address any queries that you might have. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press * and 1 on their touchtone telephone. Participants are requested to use handsets only while asking a question. Anyone who has a question at this time may press * and 1. We have the first question from the line of Mayur Gathani from OHM Group. Please go ahead.

Mayur Gathani: Hi, Good afternoon sir. How many MCC do we have currently, the milk chilling centers?

Sidhant Gupta: As of now we have around 22 milk chilling centers.

Mayur Gathani: We don't own any of them right?



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- Sidhant Gupta:** See it is just that the model works like this that you have a tie up with the cold storage guys who have those facilities. You partly give them the equipment, you just take prime water which is the water required to chill the milk but then the land is leased but the equipment are all yours whether it is the silos or the crate washers or the laboratory, so technically we don't own that piece of land but the equipment and asset are ours.
- Mayur Gathani:** What are your plans sir if in case the procurement increases then we have to increase this as well?
- Sidhant Gupta:** Yes, going forward I think in the next three years, we discussed last time that we have already identified almost around 165 such centers and slowly we will be opening up such centers to decrease the dependability on the contractors and to increase the milk procurement directly from the farmer.
- Mayur Gathani:** Will our target in the next three years to open 22 which is currently running plus 165?
- Sidhant Gupta:** No including 22, 165.
- Mayur Gathani:** What is your working capital; can you give us some idea, working capital days?
- Sidhant Gupta:** The working capital days as of now almost stand at around 81 to 82 days on an average.
- Mayur Gathani:** The targets you said is like for the retail milk distribution will be around 5 lakh liters per day in the next two to three quarters, so by FY 2013 end we should be at this level approximately?
- Sidhant Gupta:** I think by God's grace the way things have grown we are quite hopeful of achieving those numbers.
- Mayur Gathani:** Are we still handling around 1.7 million liters a day?
- Sidhant Gupta:** Yes, it is almost 1.7 to 1.8 million liters per day.
- Moderator:** We have the next question from the line of Abhishek Jaiswal from Baljit Securities. Please go ahead.
- Abhishek Jaiswal:** Thank you for taking my question. First of all congratulations sir for a good set of numbers. The question is can we have the figure of what is the margin percentage contributed by newly launched product?



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- Sidhant Gupta:** See, in terms of liquid milk, in fact this has been a very good season, and I think gross margin should be anywhere around 8% to 9% on liquid milk. On curd and paneer I think there should be anywhere between 12 to 15%.
- Abhishek Jaiswal:** Sir you said that cottage cheese you are distributing in NCR region only, when can we expect it to be marketed across the country?
- Sidhant Gupta:** See, the focus will be only in the NCR to begin with because NCR is a huge market and in terms of our processing capacity which is 55 kilometers away from Delhi so logistically it makes all the sense to not carry it to far off places, in fact if you the liquid milk also we are doing, we are only focused on the areas which are absolutely near to Delhi like Sonapat, Panipat which are almost within the radius of 60 kilometers.
- Abhishek Jaiswal:** So basically we are covering only the Northern region?
- Sidhant Gupta:** Yes, we will covering Northern region and to begin with mostly NCR, because NCR is a huge market in itself, by 2020 the figures state that the liquid milk consumption of Delhi NCR would touch approximately 3.25 to 3.5 Crores liters per day.
- Abhishek Jaiswal:** I find in your presentation the company is going at a rate of 74% CAGR right now, so what is the expectation that down the line how many years it is going to grow with that percentage and when you can reach a stability ratio?
- Sidhant Gupta:** See in fact if you see in Business India this month Mr. R.S. Sodhi the Managing Director of Amul he had stated that by 2018 he is expecting the daily turnover to reach 30,000 Crores which today stands at almost around 12,000 to 13,000 Crores, so there is a long way to grow, it is a large industry, unorganized. There is a lot of potential for people to grow, so I don't think so that growth should be an issue. It is just that how much we can capture and procurement, how much we can have a hold on the procurement and depending on that we can create value added products and there is a market potential for everyone to coexist and grow.
- Abhishek Jaiswal:** Do we have the additional fertility or maturing centers that you talked about in last quarter?
- Sidhant Gupta:** In fact that is going on, it is not the centers that we operate, it is just that we provide them the facilities, so we actually help them in sourcing the best semens so that the artificial insemination can happen, and then also in terms of cattle feed that is being provided by us, so that process is going on in all the four states, we provide them cattle feed under our own brand name, we make the payment to the cattle feed and then we deduct the payment from the farmers.



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- Moderator:** We have the next question again from the line of Mayur Gathani from OHM Group. Please go ahead.
- Mayur Gathani:** Sir, what is the current debt level?
- Sidhant Gupta:** The current debt levels are approximately 525 odd Crores.
- Mayur Gathani:** Sir, but looking at this 520 Crores debt levels and we are looking at opening up another 120 to 130 centers, I am just worried about the kind of funding that will be required?
- Sidhant Gupta:** This is all working capital and going forward we will in fact we have got the approval from our shareholders to raise some 1000 Crores in next four to five years for setting of the MCC and also the CapEx at our facility which will be a mix of both equity and debt and also the internal accruals. For these 500 Crores we are talking off that is all pure working capital, in fact the term loan as of now only stands at almost 140 odd Crores which we had taken to set up the MCC.
- Mayur Gathani:** The National Dairy plans to spend around 17000 Crores as outlay in the five-year plan, so what is the impact here for us?
- Sidhant Gupta:** Unfortunately, they had not involved the private sector but then out of the total 14 milk producing states which are almost producing 90% of the milk production they have already started off with the first phase thereby spending almost 300 Crores that will definitely impact the milk production because the focus again is on the artificial insemination, better breed and also giving them good fodder, so those things will indirectly help us or help the farmer to increase the milk production and then the market is open for anyone whosoever has a better infrastructure to collect milk I think can collect milk, so indirectly it will help but it is unfortunate that the government has not involved the private sector in to it.
- Mayur Gathani:** But going forward we can see some changes.
- Sidhant Gupta:** Definitely. The focus is to increase the milk production. The government is not keen on selling all these but to overall increase the milk production because the way milk production was growing you are growing at almost 3.2%, so our demand is that milk liquid milk should grow at more than 4.5%, so that is the intention of government to actually increase the milk production rather than getting in to the milk processing or the selling of that.
- Mayur Gathani:** What is the cost of MCC to set up one?



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- Sidhant Gupta:** Average cost of MCC is almost around 2.75 Crores per center catering to almost 120 to 150 odd villages.
- Mayur Gathani:** Sir, regarding exports in (indiscernible) 13.45 do we expect?
- Sidhant Gupta:** In fact they have opened up casein exports, so in terms of the casein I think the exports have been already opened up, they have already been opened but milk powder in fact all of us are trying, in fact Maharashtra are already giving 2 rupees subsidiary to the farmers, in fact the plant owners so that they should actually convert milk in to powders, casein has been opened, but we are still awaiting on the SMP export.
- Mayur Gathani:** Livlite, what is the current run rate sir on a monthly basis?
- Sidhant Gupta:** It will be anywhere around 12 Crores on a monthly basis because of certain production issues that we had because there is a limitation in terms of how much we can produce Livlite because the process is a little slow; in fact we are doing some CapEx at our own facility to augment our production facilities.
- Moderator:** We will take the next question from the line of Mangesh Kulkarni from Almondz Global Securities. Please go ahead Sir.
- Mangesh Kulkarni:** Sir, I just wanted to know the sales volume mix between the institutional sales and the retail sales and how it has changed over the year and also how it will be going ahead?
- Sidhant Gupta:** Going ahead, definitely the focus is more on the consumer product but then the way the things are growing in fact as of now also I think we should be predominantly an institution seller but going forward we definitely look at changing that mix, last year was almost around 65 to 70% was institution and 25 to 30% was retail but slowly we are converting that, see again the limitation in that is that you need to have the best quality milk if you have to directly go to the consumer, we are actually working on it and I hope by the next two to three years by the time we have those milk chilling centers and we are able to procure directly from the farmers that should substantially change to almost around 50%, 50% probably.
- Mangesh Kulkarni:** How will it help us in improving our working capital cycle and EBITDA margin?
- Sidhant Gupta:** Working capital cycle in any case as we have seen that from last year it was almost on an average 87-88 days, we have come down by 6 to 7 days and that is the intention that going forward as and when you convert to liquid milk and other fresh dairy product that is substantially going to change and that definitely helps in the EBITDA levels also because



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the margins in consumer milk, consumer pouches is much better than in the institution sales and if you see today even we are commanding one rupee premium over Mother Dairy which is the market leader and Amul commands a premium of 3 rupees over Mother Dairy, so people are ready to give you a premium if you have a good quality product.

Mangesh Kulkarni: So, in terms of direct milk collection centers how many milk collection centers do we have now?

Sidhant Gupta: We have around 21 or 22 centers.

Mangesh Kulkarni: How many have we added during this quarter?

Sidhant Gupta: I think we have added three or four more because the difficulty in this is because of the equipment and certain areas but then going forward I think this is the right time and the operation of scale was also growing and we have hired more people in to the system, so I think this quarter we should be able to look at a better number.

Mangesh Kulkarni: What is the quantity of milk collected from these, average per center?

Sidhant Gupta: On an average I think at this point in time we are collecting almost around 8000 to 10000 liters because the production has gone slightly down because of the season change but at the peak in almost two years to three years operation, you can expect anywhere between 20,000 to 25,000 liters a milk per MCC.

Mangesh Kulkarni: Sir, on our international operations, can you throw some light?

Sidhant Gupta: International operations, we started in December the Dubai operations and we have almost closed and we will make the figures of those three months but then going forward we also plan to set up a small processing facility in Dubai, there are lot of benefits which the UAE government gives to the guys who do the production in that area, we are actually working out on those and as and when we crystallize those plans I think we will make the announcement to the general public.

Moderator: The next question is from the line of Kaustubh Pawaskar from ShareKhan, please go ahead.

Kaustubh Pawaskar: Thanks for taking my question, there are few queries. First what is your CapEx plan for the next two years, second what is your key risk to this business, if any risk is there, third do you expect milk prices to go up substantially from the current level and what kind of impact do you see of increase in milk prices on your retail sales and fourth is can you just throw some light on what are your expectations over the next two years, how the production or as



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you said that you in the peak the production was 22 to 25000 per center, so when do you expect this kind of numbers?

Sidhant Gupta: Normally MCC reaches its peak in almost three years time and that is the time when you can expect around 20,000 liters of milk per day per MCC, to begin with it is a slow process because you open up, you have to grow the infrastructure but slowly the villager will keep coming on to your facility and in fact if day one you set up a facility and there are say 50 milching animals or 50 farmers who have milk probably only 10 will come to you and then out of those 10 also, if they have say 10 liters each they will just give you two liters, so it is a slow process, that is how we have realized that anywhere between 5000 to 8000 liters is what comes in the first year of operation, then in the second year of operation it touches almost around 12,000 and third year of operation it is almost 20,000 to 25,000 liters.

Kaustubh Pawaskar: But out of this 22 all are the new MCC?

Sidhant Gupta: We started off almost one-and-a-half two years back with one MCC and slowly we have started setting up centers.

Kaustubh Pawaskar: What are the key risks in your business model?

Sidhant Gupta: The risk factor is your ability to procure milk, that is the biggest challenge in this industry, you dependability on the contractor and in fact what we intend to do, to reduce that dependability on the contractor and go straight away to the farmers which has been the biggest strength of Amul procuring directly from the farmer, in any case we have the highest amount of cattle population in the world, so in terms of, I think if anybody has the vision and the infrastructure to collect milk that should not be a difficulty for them to collect it.

Kaustubh Pawaskar: On the supply side, has there been a decline in the supply of milk?

Sidhant Gupta: That happens certain times when there is a peak festival season but then what you do, you increase your milk shed areas at that point in time like irrespective of whatever price you pay, there is a festival happening, let us say tomorrow is Janmashtami, so the milk declines a bit, but then those are the things that we have got used to because we know how to plan in those times but other than that there are no issues.

Kaustubh Pawaskar: Do you expect milk prices to go up?



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- Sidhant Gupta:** We expect the milk prices to go up, in fact we had discussed in our last con call also that this was one of the best flush season that we have seen across since then the prices were going up and with also the casein being opened we expect that the prices should firm up and in fact this is the season for the prices to go up now.
- Kaustubh Pawaskar:** Do you see the impact of it on your branded sales?
- Sidhant Gupta:** In terms of your ability to pass on the cost to the consumer I think we have seen that it is quite easy in this and in fact if you see Amul had just raised 2 rupees in Delhi, so it is much easier, in fact we have not increased those prices but Amul had passed on that cost, so it is much easier to pass the price to the consumer.
- Kaustubh Pawaskar:** What is your CapEx plan for the next year?
- Sidhant Gupta:** The focus would be on setting up of MCC and also for the augmentation of our plants, so we had crystallized those plans and we have already taken the approval of 1000 Crores.
- Moderator:** The next question is from the line of Surya Narayan Naik from Networth Stock Broking. Please go ahead.
- Surya Narayan Naik:** Thank you for taking my question Sir. First one question on your volume break up if you can provide the different products volume break up it would be great?
- Sidhant Gupta:** Normally we have seen that in terms of the value almost around 30% of our revenue comes in from the fat division, that is the cream, butter, ghee and then within ghee you have different variants and almost around 30% comes in from milk powder, various milk powders like skimmed milk powder and other various powders, 5 or 6% comes in from curd, the rest is liquid milk.
- Surya Narayan Naik:** Around 34% again from milk?
- Sidhant Gupta:** Yes, that is normally what we get.
- Surya Narayan Naik:** Can you just discuss the realization pattern?
- Sidhant Gupta:** The realization pattern in fact in this industry you know product wise it becomes very difficult, it is a function of only two things, one is the ghee and the SMB or the SNR, so basically you create a mix depending on the market demand and you adjust your prices and also the realization, say today we know our average price of ghee or the fat that we have is



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240 rupees, at one point in time if we get better realization in SMB then you know we adjust the prices of the fat and then sell the SMB at a premium.

Surya Narayan Naik: Why I am asking is because depending on realization you are expecting that you will process the milk or either you will be selling in the market, I believe your ghee and butter are the byproduct, that is the byproduct that is coming out of the processing of the milk, so if that is the case then if you can throw some light on the realization?

Sidhant Gupta: To answer your question it all depends on the products that you want to create. As I was saying that it is only a function of these two factors like what you are suggesting is that once we are selling liquid milk and we are selling toned milk then we take out that fat, we process that fat, we keep that fat and the realization again depends because certain times what you get on an average milk say we get 5.5% fat and in full cream milk you have to give 6% milk we actually add back that fat that we have generated, so it is all a mix of only a function of these two things and you can create N number of products by mixing all these two components, so that keeps on varying but still in terms or the break up I think we will send across the break up and we do that in the balance sheet, we will send you a copy of the report once that is printed.

Surya Narayan Naik: Sir you have said your working capital days has reduced from 87 days to 82 days, if you discuss on which count because you have not provided the balance sheet along with the quarterly result?

Sidhant Gupta: That is all on the basis of the liquid milk that we have been able to convert from the institution to the consumer and also the product mix that we could change because of the fresh milk and the fresh dairy products being added. As we discussed the last time also that dairy product is much faster because you are servicing the client on an almost every day basis.

Surya Narayan Naik: Got it, I mean basically the change of composition of the product mix that has resulted in inventory days and as well as the debtor days.

Sidhant Gupta: Absolutely and going forward as and when you move forward towards fresh dairy products the working capital cycle will improve drastically.

Surya Narayan Naik: What sort of optimum working capital days you are targeting?

Sidhant Gupta: We are targeting each year in fact we want to bring it down by 10 to 15 days and going forward the idealistic level should be anywhere between 30 to 45 days.



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Surya Narayan Naik: Second thing because you said your institution sales is around 65 to 70% so how easy it is to pass on the increase in the cost of the milk because you will be facing lot of resistance from institutional sales rather it is easy to pass on to consumer or let us say end user, so how has been last year when we saw many times the price of milk has gone out?

Sidhant Gupta: It all depends on the timing on the purchase of the institution, institution also since they have been buying for quite some time and we also enjoy relationship with them, so what we do is we are very transparent in terms of our procurement prices, at certain times you can adjust with the inventory levels that you have in hand but then because we are buying at X rate and then the others are also buying at the sale levels, so it is not very difficult to pass on the cost, but then yes, in terms of the relationship with the institution, they also know and we also guide them that these are the right times of buying, so the buying pattern happens accordingly.

Surya Narayan Naik: Just to understand, company like yours what is the bargaining power, because competition is also high?

Sidhant Gupta: But in terms of our size, in fact if you see last four, five years the focus was only on increasing the size of the operation because that is a very, very important criteria, now our ability to procure almost on 1.8 million liters of milk that is our biggest strength.

Surya Narayan Naik: On that account also I was coming back because what I believe in this industry is that creating a facility is very easy job, that is not rocket science but the most important thing is the procuring of the milk to your requirement and processing it and marketing it, to what extent you are luring the farmers as well as the cattle growers to procure milk because in that space lot of competition exist and lot of players also vying for the same space when we see one of the milk production is not going beyond 3 to 4% per year and on the back of that also the number of cattle fields or the livestock that is also not going up, so how are you planning your CapEx accordingly, first of all if you can just throw some light on what are your measures to lure the milk producers and secondly what is the level of competition facing there?

Sidhant Gupta: I will start off with the farmers. Now, the biggest thing in case of farmer is there confidence that you are a plant owner, you are not an intermediary, that helps the best in our trade, number two is the transparency that you have brought in that system, ultimately earlier what used to happen is that milk was always remeasured and also it was manually tested, there was a lot of hanky-panky that the contractor was doing in between and within the contractors there were five or six levels, now what we have done we have gone straight away to the farmer's house to collect milk and the most important person in that value



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added chain, the guy who was the kind of chief in that area or a village we have hired him as our agent to ensure.

- Surya Narayan Naik:** The procedure actually even South based Hudson also has in place, nothing new.
- Sidhant Gupta:** Nobody else is doing in North that is something which Amul also has done in Gujarat, but in North which is one of the richest milk bays like UP is the highest producer in the whole country, so nobody in an organized way has done that in the Northern region.
- Surya Narayan Naik:** So you are basically capitalizing on the unorganized market of milk procurement.
- Sidhant Gupta:** That is an important factor that whatever you have to procure directly from the farmers you will have to keep that infrastructure in place, bring transparency in to the system, make payments on time and the confidence the farmer has that you are not a fair-weather friend and you are here to stay, you are not the trader who will run away if the prices are going up and you are a plant owner, so all these things put together bring a lot of confidence and you are also providing them cattle feed at no profit, no loss basis, now that is your expertise, you can adjust the proteins and other things based on the season. When you provide them veterinary doctors who are on call, then you are helping them in artificial insemination, so no trader or no contractor can do such things.
- Surya Narayan Naik:** Don't you think the local or regional milk operatives they are also providing this sort of facilities?
- Sidhant Gupta:** There is competition. I will not say that there is no competition, but then definitely we as a private sector have an edge and if you see the trend in the last two to three years, I think private sector has been able to grow much faster than the cooperatives because of quick decision making.
- Surya Narayan Naik:** If you can give a ballpark figure because the ministry data comes very late, if you have the UP because your area happens to be UP and NCR?
- Sidhant Gupta:** Our area of operation for collecting milk is Rajasthan, Haryana, Punjab and UP, four states are our focused area. We have plans accordingly at all the four places, so whatever milk you procure from those states you process that in that particular state like we have a plant in Haryana, we have a facility in UP, we have a facility in Rajasthan and we have a facility in Punjab.
- Surya Narayan Naik:** If you can give any ballpark figure let us say total production from milk in these four states and what would be the market share in procurement at least?



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- Sidhant Gupta:** We have the data; I can send you the figures.
- Surya Narayan Naik:** I don't have it.
- Sidhant Gupta:** You can note it down, Sidhant@kdil.in.
- Surya Narayan Naik:** Secondly your CapEx plan, have you decided to go for 1000 CapEx plan?
- Sidhant Gupta:** It will be all in phases.
- Surya Narayan Naik:** Is it a progressive approach, you are going for at one go?
- Sidhant Gupta:** No, it is a progressive approach. It will be spent in next four to five years.
- Surya Narayan Naik:** If you can give break up for four to five years?
- Sidhant Gupta:** That we will check, how much we can reveal at this level, depending on that we will definitely pass on the information.
- Surya Narayan Naik:** You said in the milk chilling centers it takes nearly three years to reach the peak level, if you can discuss how much of your chilling centers are number one, years, stage I, stage II, stage III?
- Sidhant Gupta:** We don't have the figures right now of the MCC but then on an average we have seen that it collects almost 8000 liters because that is what the milk approximately around 2 lakh liters or something which is coming on to us but if you want center wise, then we can give you these figures later on.
- Moderator:** We have the next question again from the line of Mayur Gathani from OHM Group, please go ahead?
- Mayur Gathani:** Sir wanted to know what kind of investments are we looking at in UAE, there was an announcement in BSE a couple of days back, any specific?
- Sidhant Gupta:** As of now we have invested around 2 Crores in that 100% owned subsidiary, going forward for setting up that facility we will be looking at anywhere between \$4 to 5 million regarding the milk powder, the milk powder and the ghee manufacturing also.
- Mayur Gathani:** One more question regarding the milk chilling centers that you mentioned that you start off and first you have around 8000 liters per day, so this thing that comes to you, is that are you



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taking away from unorganized market the farmers or is it Amul or Mother Dairy that they are losing out?

Sidhant Gupta: It is mostly the unorganized market and also the people who are not able to, there are certain virgin areas where the infrastructure was not in place and they were not able to dispose of their milk well, there were certain areas in Rajasthan, so you actually created facilities there and created infrastructure and you have seen that the milk has started coming on to you.

Moderator: As there are no further questions from the participants I would now like to hand the floor back to Mr. Harjeet Sethi for closing comments.

Harjeet Sethi: On behalf of Almondz Global Securities I thank Mr. Sidhant Gupta and other members of team for giving us their valuable time and providing us with insight about the company. I also thank the participants for joining the call. Thank you and have a very nice day.

Moderator: Thanking all on behalf of Almondz Global Securities that concludes this conference call. Thank you for joining us and you may now disconnect your lines.