

ENERGEE LOSS

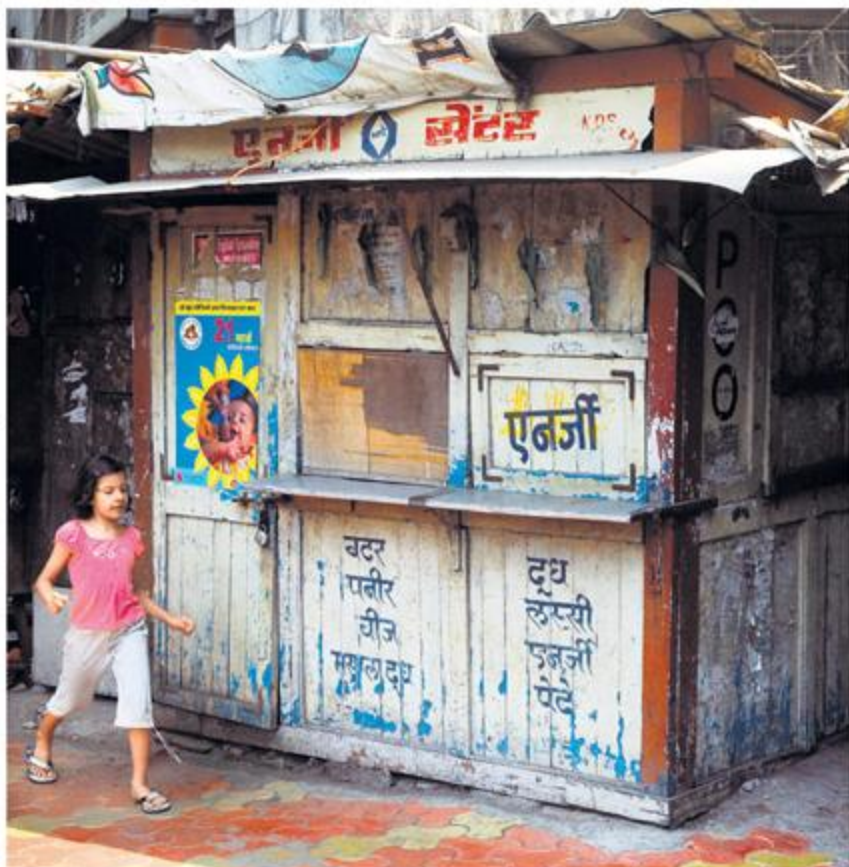
In the second of our four-part series that surrounds Aarey's woes, we find that Energee booths across the city pay a meagre rent to the milk giant

VINOD KUMAR MENON
vinodm@mid-day.com

HERE is another shocker from the Aarey saga. The Aarey Energee booths (around 1,800 of them across the city), pay a paltry sum of only Rs 6 (daily) as rent to Aarey. Compare this to a fisherwoman at Crawford Market who pays Rs 30 to BMC (daily), and a vada pav seller, who pays Rs 100 a day to civic authorities. The Aarey booths were given to a private company, which has no experience in handling dairy products. These facts came to light after Shekhar Vaishnav (40), an Andheri-based chartered-cum-cost accountant, put in a request for an RTI.

Vaishnav is distraught by the way Aarey has leased out its popular brands and booths across Mumbai and Thane for such a negligible amount, without conducting a feasibility study.

"I am an Aarey consumer, and have been happy with the quality of their milk. It was the infrequent supply, which compelled me to approach the dairy development department



DUDE, WHERE'S MY DOODH? Out of the 1,800 Aarey booths, around 400 booths are not operational. PICS: SAYED SAMEER ABEIDI

through the RTI," Shekhar said.

Unbelievably low rent

According to the RTI report, Aarey runs 1,811 booths across Mumbai and 80 per cent of them are manned

by the Marathi mannos. These booths are tendered to a private party that does not have any experience in dairy business and are allowed to sell non-Aarey products for almost free, since there is no royalty on them. The rental is around Rs 2 crore for a period of five years, which means that each booth is rented out for a mere Rs 185 per month, or Rs 6 per day, a uniform rate applicable for all booths, irrespective of its location anywhere in Mumbai.

Aarey is consistently making a loss of over Rs 8-10 crore per annum. The tender document and the allotment letter are so vague that a complete right has been created for the private party for sum of initial payment of Rs 6 lakh, and a bank guarantee of Rs 14 lakh. Suspecting a scam, the CM had banned the sale of stalls in 2008, but a Mantralaya official lifted it in 2009. According to the tender allotment letter, an outside party is allowed to sell non-Aarey products like biscuits, wafers, mineral water, postpaid and prepaid mobile cards etc, for no royalty payment to Aarey. "This is a major irregularity on the administration's part, and I appeal that a thorough investigation be conducted,"

Shekhar added.

Conspiracy theory?

"Creating an Aarey kind of brand would need at least 30 to 40 years, since Aarey is an FMCG company. The brand value is usually measured five to 15 times depending on the industry's annual sales turnover and the nature of the business. When you have a brand turnover like Aarey (Rs 45 crore), the brand value should be over Rs 200-400 crore. The brand rental at 15 per cent should have fetched around Rs 30-40 crore. This would have taken care of Aarey's past accumulated losses, but that did not happen, because that ban was lifted. A Rs 100-crore deal was given away for Rs 6 lakh. I feel there is a lobby deliberately trying to destroy the Aarey brand.

"If the government was actually concerned about the locals, they should have made the first offer to those running the booths, and should have allowed them to sell non-Aarey products against a monthly premium of at least Rs 5,000. This way, Aarey would have made revenue worth Rs 50 crore, and that would have helped families earn more," Shekhar concluded.

THE OTHER SIDE

SHIRISH Virkar, GM, Aarey Dairy, said, "We have not sold Aarey to anybody. The ownership right of all the booths is with us, and the selling rights are with the booth retailers.

The appointed private party is only allowed to sell Aarey and non-Aarey products and generate sale for themselves. For this, we have quoted a tender price of Rs 2 crore, which they need to pay us in five years. The private party is also expected to invest approximately Rs 7 crore towards the beautification of these booths.

The state government used to spend around Rs 30,000 per annum per booth towards the maintenance. However, they stopped paying the maintenance since the last 10 years, and so we opted for a public-private partnership, as per the government policy. Out of the 1,800 Aarey booths, around 400 booths are not operational."

1,800

The number of Aarey booths across the city

Rs 6

The daily rent a booth pays to Aarey

Rs 8-10 cr

The amount of loss that Aarey consistently makes per annum



I am an Aarey consumer, and have been happy with the quality of their milk. It was the infrequent supply, which compelled me to approach the dairy development department through the RTI.

— SHEKHAR VAISHNAV

To watch Shekhar speak about his RTI findings, log on to www.mid-day.com



VADA DIFFERENCE: A vada pav seller pays Rs 100 per day to civic authorities; Energee booths pay only Rs 6 per day to Aarey