

HAP

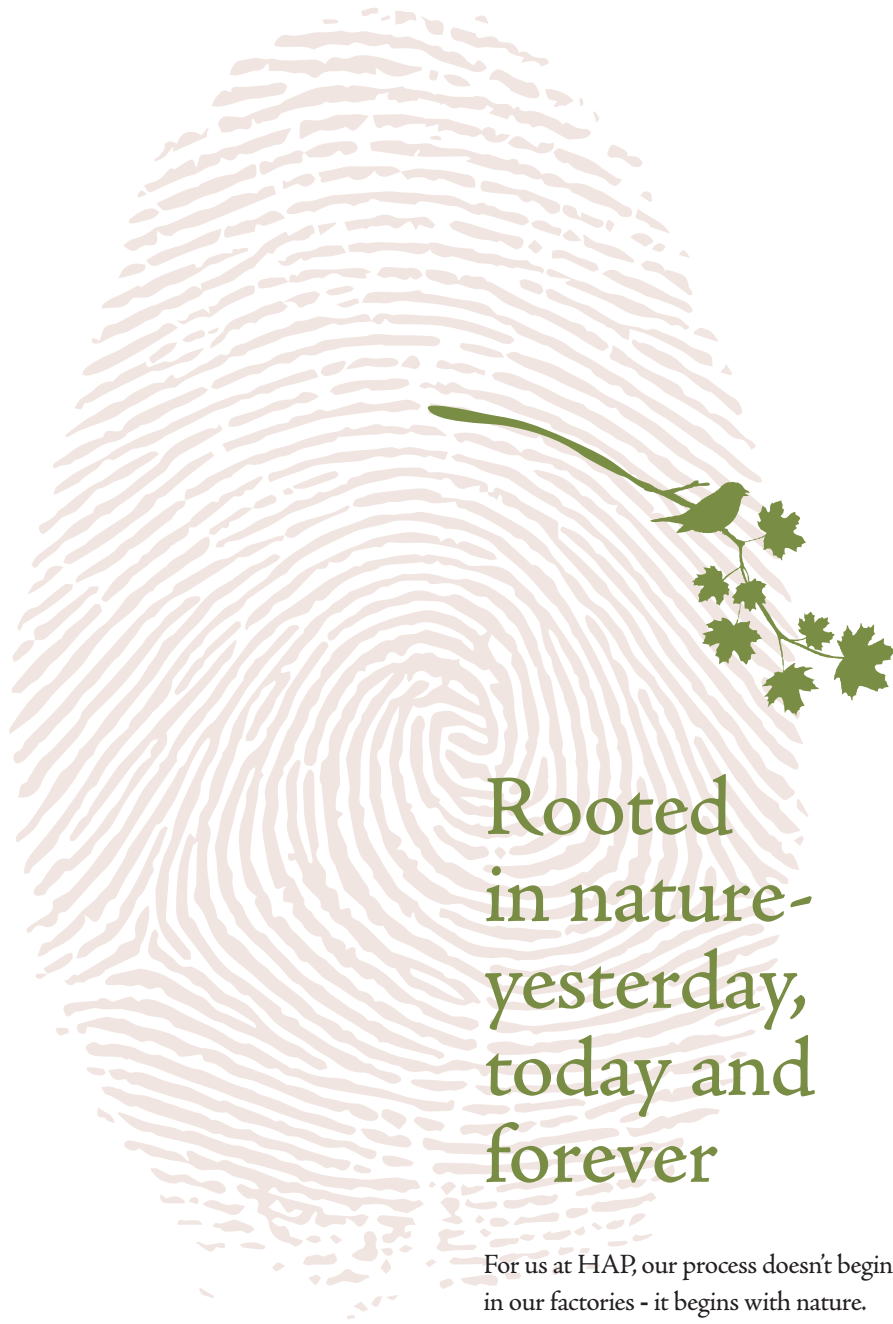
Hatsun Agro Product Limited



ANNUAL
REPORT
2020

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Rooted in nature- yesterday, today and forever

For us at HAP, our process doesn't begin in our factories - it begins with nature. At the farms where our partners, the farmers, work tirelessly to supply quality milk every single day. It is their commitment and effort that inspire us and drive us forward. They are the reason for our growth. They work hand in hand with nature to make sure our joint vision is fulfilled, so we can have a mutually rewarding journey with our customers, vendors, franchisees and employees.

50 years of
enriching
lives



HAP 50 YEARS

HAP's journey began over 5 decades ago with Arun Icecreams. Since then, the company has branched out into a number of brands that have gone on to become household names. This success and growth wouldn't have been possible without the dedicated and honest efforts of our partners, starting with the farmers. They are the cornerstones of the company.

Success is a result of many cogs at work and, in that regard, the contribution of our vendors, franchise owners and service providers has been immense. We look forward to moving ahead on this journey with them.

BOARD OF DIRECTORS

R.G. CHANDRAMOGAN **Managing Director**

R.G. Chandramogan, aged 71 years is the Managing Director of the Company. He relinquished his Chairmanship w.e.f. 21.06.2019. He has been in the dairy business for more than four decades. In February 2018, the Indian Dairy Association awarded patronship to R.G. Chandramogan in recognition of the valuable services rendered by him in furthering the cause of the Indian Dairy Association and the dairy industry, through planning and development.

C. SATHYAN **Executive Director**

C. Sathyan, aged 41 years is the Executive Director of the Company. He was conferred with the title of 'Doctor of Letters' for his entrepreneurship and philanthropy by the International Tamil University, USA. He has held various executive positions during his career, spanning over 18 years. He is in-charge of the day-to-day operations of the Company.

K.S. THANARAJAN **Chairman - Non-Executive** **Non-Independent Director**

K.S. Thanarajan, aged 71 years is the Non-Executive Director of the Company. He holds a Master's Degree in Economics from the University of Madras. He was in-charge of day-to-day operations of the dairy division of the Company. He has been in the dairy business for more than 20 years. He was appointed as a Regular Chairman of the Board w.e.f. 21.06.2019.

P. VAIDYANATHAN **Non-Executive** **Non-Independent Director**

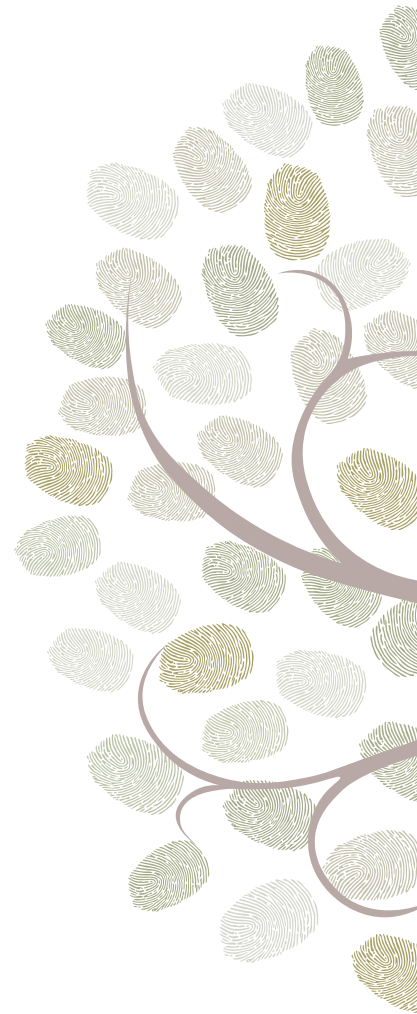
P. Vaidyanathan, aged 72 years was an Independent Director of the Company. On completion of his first term of Independent Directorship as per the provisions of The Companies Act, 2013 and SEBI LODR Regulations, 2015, he has been appointed as Non-Executive Non-Independent Director of the Company. He is a Fellow Member of the Institute of Chartered Accountants of India, Associate Member of the Institute of Company Secretaries of India and the Institute of Cost Accountants of India. He has over 30 years of experience in the finance functions.

B. THENAMUTHAN **Independent Director**

B. Thenamuthan, aged 59 years is an Independent Director of the Company. He holds a Master's Degree in communication and journalism from the University of Madras. He has over 17 years of experience in the field of journalism. He is the Managing Director of Karnataka News Publications Private Limited.

BALAJI TAMMINEEDI **Independent Director**

Balaji Tammineedi, aged 59 years is an Independent Director of the Company. He is an entrepreneur and holds a Master's Degree in Management from the Indian Institute of Planning and Management, Delhi. He has more than 20 years of experience in the dairy industry. He is a partner in Prism Ventures LLP, Traditions Jewellery LLP and Blue Sky Brundavana LLP.





CHALINI MADHIVANAN
Independent Director

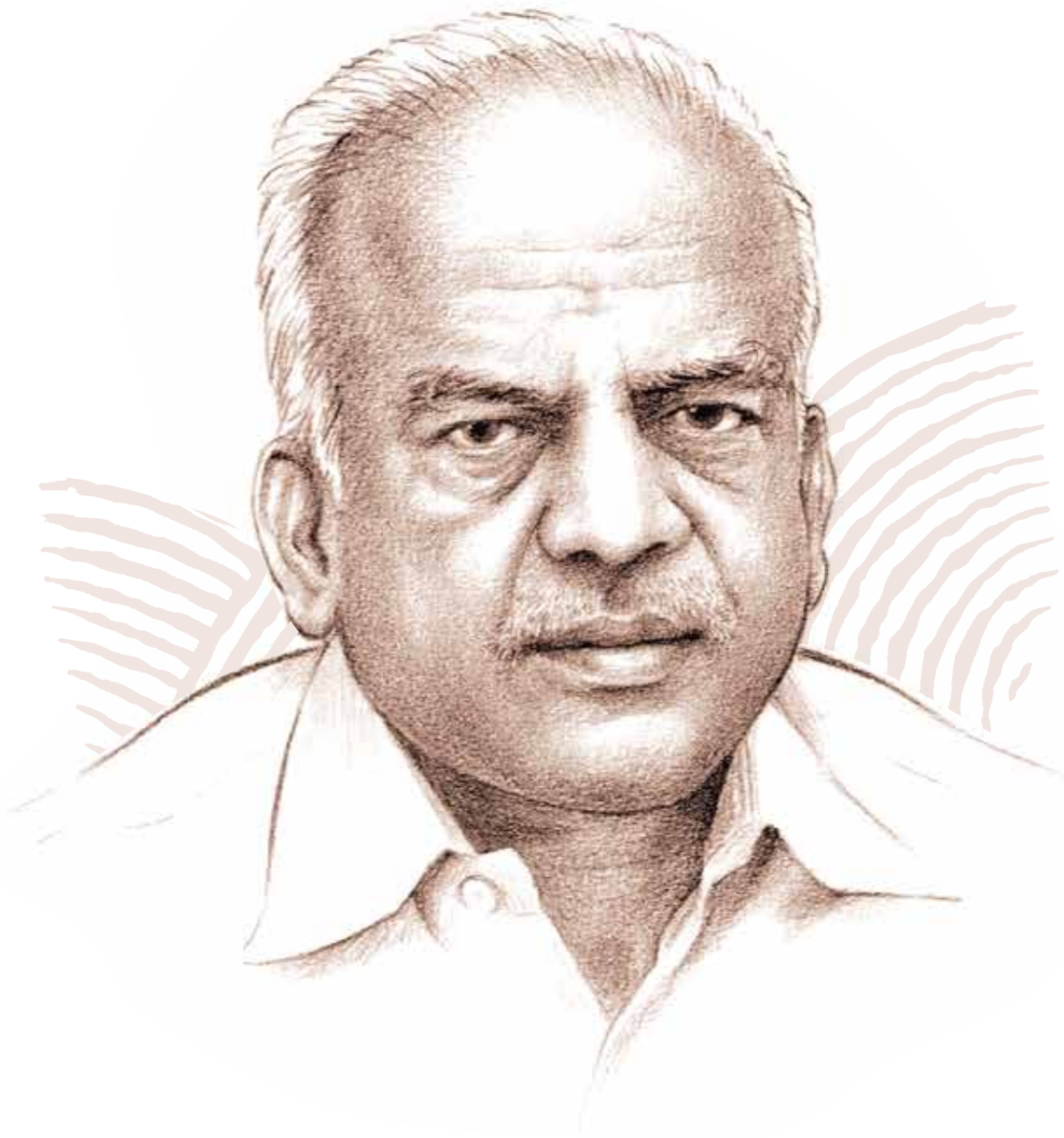
Chalini Madhivanan, aged 63 years is an Independent Director of the Company. She holds a degree in Bachelor of Medicine and Bachelor of Surgery from Madurai Kamaraj University and a diploma in Ophthalmology from Madras University. She completed a training program in Radial Keratotomy and Keratoplasty from the Institute of Clinical Ophthalmology, Kiryu Eye Clinic, Japan. She has over thirty five years of experience in the medical industry. She holds the position of Managing Director in M.N. Eye Hospital Private Limited.

S. SUBRAMANIAN
Independent Director

S. Subramanian, aged 61 years is an Independent Director. He holds a Post Graduate Degree in Commerce and Management and is a finance professional with more than 30 years of experience in the Manufacturing Industry. He has expertise and knowledge in the areas of Corporate Finance, Accounting, Capital Structuring, Governance and Compliance matters.

D. SATHYANARAYAN
Non-Executive
Non-Independent Director

D. Sathyanarayan, aged 61 years is a Non-Executive Non-Independent Director. He is a Bachelor of Science and holds a Master's Degree in Public Administration. He has got more than three decades of experience in handling Factory Operations, Food Safety, Quality Control aspects and setting up of new plants.



FROM THE MANAGING DIRECTOR'S DESK

Dear Stakeholders,

I am honoured to announce the completion of HAP's 50th year. It has been quite a journey, and I have been fortunate to witness the progress we have made over the last 5 decades.

HAP's story is one of dedication and simplicity, and started with the introduction of Arun Icecreams. Our aim was to provide ice creams to customers who craved for something refreshing. The success of Arun Icecreams inspired us to go further and create more brands and products that would meet various customer needs. Today, these brands are being consumed in households across the country - from Arokya Milk to Hatsun Curd. Our newer brands Ibaco and Oyalo continue to show a steady upward trend, and we can't wait to see what the future holds.

Our story is the result of the intelligent hard work and commitment of our shareholders, farmers, employees and all other stakeholders. I, on behalf of the entire HAP family, thank you for your loyalty and support. We look forward to writing the next chapter of this journey with you on board.

Yours sincerely,
R.G. Chandramogan

MILESTONES OF HAP

1. On 7th April 1970, with a capacity to churn out 10,000 ice cream candies per day, the company began manufacture and sale of ice-cream under the 'Arun' brand in Chennai
2. On 19th April 1979, the 1st 'sit-and-eat' Arun Icecreams parlour started in Chennai
3. On 14th April, 1981, the company started the first 'sit-and-eat' Arun Icecreams parlour, outside of Chennai, near the Vaigai River bridge of the temple-town. It turned out to be a resounding success.
4. On 4th March 1986, the company incorporated Hatsun Foods Private Limited
5. On 19 March 1991, Salem ice-cream factory, with a capacity to produce 3,000 litres/day capacity, was commissioned
6. On 29th July 1992, Hatsun Dairy Private Limited was incorporated which was subsequently renamed as Hatsun Milk Products Limited on 8th March 1994
7. On 9th August 1995, Hatsun Foods Private Limited was also renamed as Hatsun Milk Food Ltd
8. In April 1995, the Chennai unit was closed down and the ice cream manufacturing operations shifted about 20 km further northwards to a place called Nallur in Ponneri taluka of Thiruvallur district
9. The Nallur plant had an ice cream manufacturing capacity of 8,500 litres per day.
10. A sum of ₹2 Crores was invested at a plant on 3.5 acres land in Karumapuram, hardly 3 km from the Ramalingapuram ice cream facility. The plant could process 10,000 litres of milk per day and convert this into one tonne of milk powder
11. On 10 July 1995, the company launched its 'Arokya' brand of homogenised standardised milk in Salem
12. Sale of 'Arokya' milk stood at 1,800 litres on the first day of launch on 10th July 1995. By December 1995, the company launched it in Coimbatore. Over the next six months: other towns near Coimbatore and Salem – Tiruppur, Erode, Perundurai, Attur and Namakkal – and also Chennai
13. Hatsun Milk Food Limited went for public issue in January 1996, with an offer of 18 Lakh fresh equity shares of ₹10 each at a premium of ₹35 per share and for listing at the Madras, Bombay and Coimbatore stock exchanges.
14. On 1st April 1998, Hatsun Milk Products Limited ('Arokya') was amalgamated with Hatsun Milk Food Limited ('Arun') and subsequently renamed the Company as "Hatsun Agro Product Limited" (HAP)
15. The ice-cream plant at Ramalingapuram was shifted in July 1999 and consolidated with Nallur facility and milk products such as khoa were manufactured at Ramalingapuram plant
16. In October 1999, HAP became India's first dairy to spend ₹1.25 Crores for installing a 'bactofuge' machine at its plant
17. M/s. Hatsun Foods Company, the other entity through which manufacture of ice-cream was being undertaken at Nallur, was merged with HAP by 2003-04 in order to ensure more synergy of operations under a single roof
18. In early 2002, HAP got Radhikaa, the well-known actress and star of the popular prime time Tamil serial Chithi aired on Sun TV, to endorse 'Arokya' milk
19. On 27th August 2000, HAP's 4th Plant at Desur in Belgaum was commissioned
20. As a 5th Plant, HAP acquired Ajith Dairy Industries Limited (ADIL), which had a 100,000 litre per day plant at Timmasamudram in Kanchipuram, in 1999-2000 and started the commencement of operations on 1st October 2000
21. By September 2003, the Timmasamudram dairy plant had a milk powder plant as well of 10 tonnes per day capacity (equivalent to 1.2 LLPD of milk)
22. In early 2004, HAP unveiled an ad campaign titled Arjun Amma Yaaru? (Who is Arjun's Mom?,) 'Naalarai Paal' or the 4.5% number. This ad was a grand success.
23. About 2,500-odd Arokya exclusive retailers were established by 2001 which was grown and crossed 7,000 at the start of 2005

24. During 2004-05, 'Arun' ice-cream was launched in Seychelles and Brunei
25. In April 2007, HAP's 6th Plant at Honnali Karnataka's Davanagere district and 7th Plant, with a pouch milk facility of 2 LLPD capacity in Madurai district's Vadipatti taluka were established
26. In April 2009, the 8th Plant was commissioned at Thalaivasal
27. HAP's 9th Plant was established at Kolasanahalli in Palacode taluk of Tamil Nadu's Dharmapuri district. This Plant was built with a capacity of 60 tonnes-per-day skimmed milk powder (SMP) and 30 tonnes-per-day fat (AMF, Butter, Ghee) production capacity, equivalent to handling 7.2 LLPD of milk, plus another 1.3 LLPD for pouch liquid milk. This greenfield unit was commissioned in October 2009 with equipments from Alfa Laval and Tetra Pack.
28. In 2009-10, the last financial year of the decade, Hatsun wasn't only South India's, but also the country's largest private sector dairy concern
29. In November 2013, the HAP installed its 10th and 11th Plants by acquiring the assets of Jyothi Dairy Pvt. Ltd with a combined capacity of 65,000 litres-per-day milk processing capacity each at Suraram, near Hyderabad, and Bandapalli in Chittoor district of Andhra Pradesh
30. In May 2013, HAP commissioned its 12th Plant, venturing into compound cattle feed manufacture, by taking over a 100 tonnes-per-day plant from an unlisted entity
31. HAP's 13th Plant at Vellichandai, Dharmapuri District, was commissioned during 2013, to produce Curd exclusively
32. During 2014, HAP's 14th Plant at Tirunelveli was commissioned
33. In December 2014, HAP's 15th pizza/ready-to-eat Plant at Guduvanchery was commissioned
34. In December 2015, HAP's 16th Plant was commissioned by acquiring a second feed mill at Melkaraipatti in Palani taluka of Dindigul, belonging to an unlisted entity
35. In September 2017, HAP commissioned its 17th Plant by setting up an automated plastic film extrusion-cum-flexo printing plant at Walajabad in Kanchipuram
36. In March 2017, HAP commissioned 12 wind mills of 24 megawatt (MW) aggregate capacity in Thoothukudi district's Kayathar belt at a cost of ₹180 Crores
37. In addition, the company spent over ₹14 Crores during 2018-19 on erection of solar rooftop installations totalling to 3.6 MW at its various plants
38. As the 18th plant, HAP in June 2019, took over a 100 tonnes-per-day cattle feed unit of Madhur Pashu Aahar, a partnership firm belonging to a doctor couple, at Chandolewadi in Solapur's Sangola taluka
39. HAP's mega ice-cream cold store in Noyyal, Karur District, was commissioned in October 2019
40. During FY21, HAP is planning to roll out the following 3 green field projects to increase its capacity:
 - a. 19th Plant in Solapur, Maharashtra, to produce milk and milk products with a capacity of about 4 LLPD is expected to be operational during Q3
 - b. 20th Plant in Udhiyur, Dharapuram, Tamil Nadu, to produce milk products which is expected to be commissioned during Q4
 - c. The 21st plant, which will be HAP's biggest investment of about ₹210-Crores ice-cream plant at Govindapur in Zaheerabad taluka of Telangana's Sangareddy district, which is expected to be commissioned during Q4

MILK SOURCING AND ANIMAL HUSBANDRY

We start with the farmers

MILK SOURCING PROCESS

- Our sourcing process begins right at the farm, where we partner with the farmers
- We carefully plan in such a way to yield the best possible output
- Every day four lakh farmers deposit milk at over 10,000 Hatsun Milk Banks, where milk is tested for quality

QUALITY PARAMETERS

- Milk is tested for quality on 2 parameters: Fat and SNF, which helps determine the price per litre
- The farmer is paid every 10 days based on this

FARMER MANAGEMENT

- We maintain a state-of-the-art farmers' database to make sure they get paid on time, always

LOGISTICS

- We operate more than 1,200 rural milk sourcing routes with an assigned route plan
- This plan helps determine the pick-up timing and schedule
- This ensures that the milk sourcing vehicle reaches the Hatsun Milk Chilling Center on time, where more tests are done

TESTING

- After the milk conforms to all of HAP's stringent quality norms, the chilled milk is loaded to a milk tanker and sent to the dairy
- Further processing is done here

ACTIVE BULK COOLER (ABC)

- This advanced system helps source and chill the milk at the village level
- ABCs are present in over 1000 locations
- They aid in improving quality and freshness

ADVANTAGES OF ABC

- Farmers become more flexible in milking their cows
- Instant chilling within two hours
- Increased milk quantity
- No milk spoilage or spillage
- Improved shelf life

ANIMAL HUSBANDRY

- Our Animal Husbandry team helps improve profitability of dairy farms by increasing efficiency and reducing costs
- These professionals help in providing farmers with the complete package of forages and concentrates

ANIMAL HEALTH CARE

- A team of veterinary doctors and paravets are assigned to take care of milch animals
- They also educate the farmers on the best way to prevent ailments for the cattle

ARTIFICIAL INSEMINATION

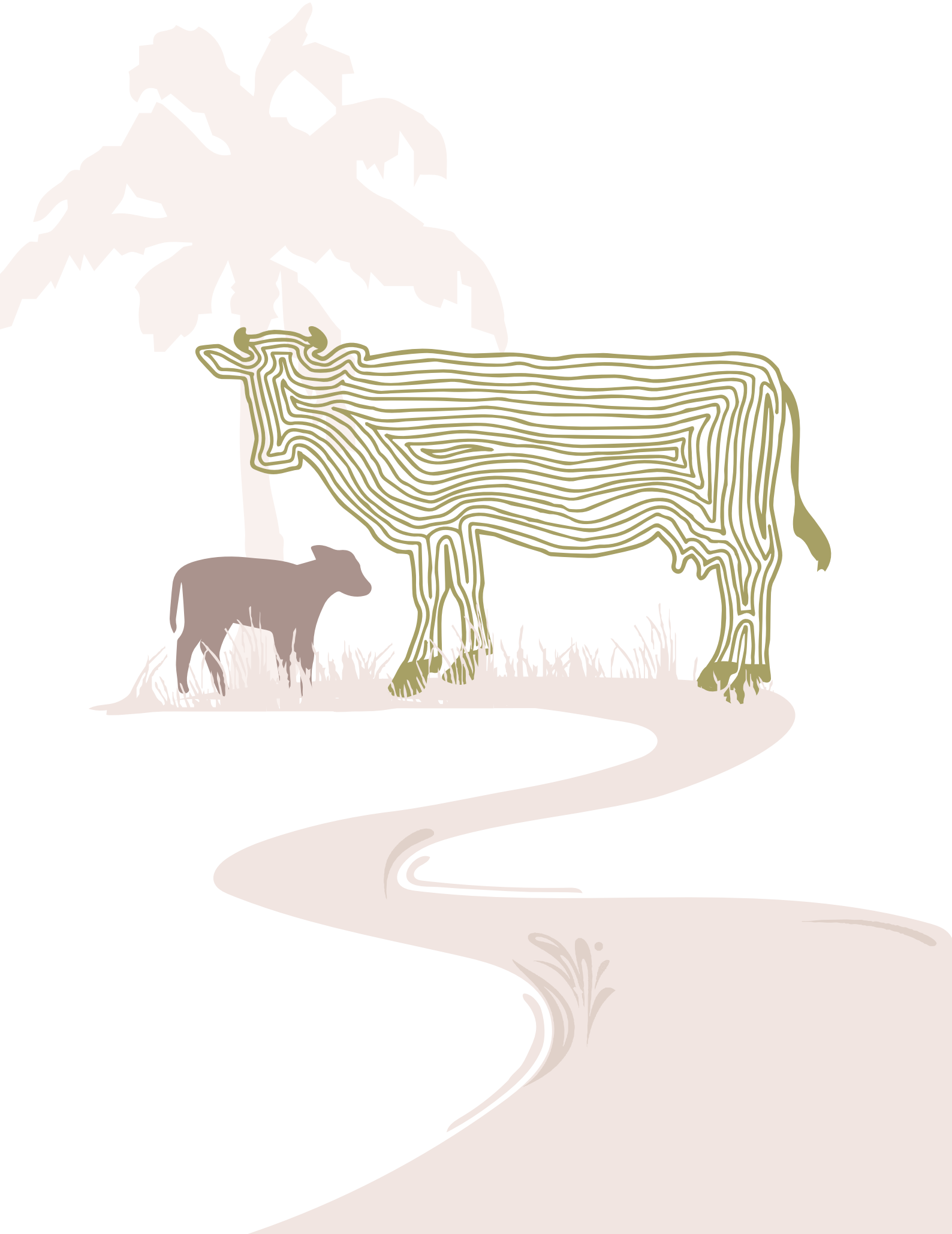
- A trained team of inseminators visits the villages to provide AI services from quality bulls
- This process is carried out to ensure that milch cows produce a calf every year with better genetic qualities

HAP INFORMATION SYSTEM

- We manage all the cattle with an efficient, first-of-its-kind cattle management system
- All the animals are tagged and their data is recorded
- We work closely with large farms to source appropriate technology that will help reduce labour for large farms
- Powerful tools help monitor bulls and improve productivity, therefore increasing profitability

FEED AND FODDER

- Our team of agronomists help cultivate fodder for cattle in the most economical way possible
- Under the brand Santosa, we manufacture and sell cattle feed to the farmers based on requirement





Arun[®]

ICECREAMS

Arun Icecreams, as a brand, has always been driven by one thought: to satisfy consumers by consistently offering them something new. This has been Arun Icecreams' biggest quality, and has been a major factor in the brand's success leading up to its 50th year.

The brand has launched many new variants, adding to its existing categories of bars, iCones, cups, tubs and specialities. Rest assured, going forward, Arun Icecreams will continue to delight customers with new and innovative products.





AROKYA[®]

MILK

**Goodness with care,
from our villages.**

Aroky Milk has been built on trust. Started in 1995, the brand has become a household name for millions of customers in South India. And now, Aroky Milk has also spread to Maharashtra, making it very popular in the Indian private dairy sector.

The milk goes through 45 rigorous phases of testing - going even beyond the stipulated 32 phases by FSSAI - before it reaches consumers. These include physical tests, compositional tests, adulteration tests, microbiological tests, antibiotic tests, chemical tests and food safety controls.



Aroky Standardised Milk

A popular milk product, Aroky Standardised Milk with 4.5% fat is ideal for everyone in the family.

Aroky Full Cream Milk

With 6% fat, Aroky Full Cream Milk is rich in cream, making it great for kids. Be it as part of their breakfast cereal or as a drink.

Aroky Toned Milk

With 3% fat, Aroky Toned Milk is a healthy choice for families, providing a balanced mix of essential ingredients. It brims with the goodness of our villages.

Aroky Double Toned Milk

Currently available in Karnataka and Andhra Pradesh, this product comes with 1.5% fat.

Aroky Curd

Aroky Curd comes from the trusted brand of Aroky Milk and is made of high quality milk. Thick, delicious and a great accompaniment for all your meals. The product is also available in a ziplock pack which keeps the curd consistent till the last drop.





Cow's Milk
So Good



HATSUN®

Under the Hatsun brand, HAP has released a wide range of dairy products, each meeting a specific consumption need - from meal accompaniments to direct consumption.

Hatsun Curd, a market leader, shows great consistency across all weather conditions. Hatsun Paneer, on the other hand, has become a key ingredient for making delicious curries and appetisers. Other products like Hatsun Buttermilk, Lassi, Yoghurt Shakes etc., are great for keeping the summer heat at bay. For breakfast, look no further than Hatsun Cheese Spread, a product that is light, tasty and evenly spreadable. The brand also offers consumers a way to indulge in a bit of tradition with Hatsun Shrikhand.

The brand will also be launching delicious and refreshing Jeera Buttermilk, Malai Lassi and Mango Lassi in the near future.

Hatsun Cow Milk

A natural source of protein and calcium, Hatsun Cow Milk comes with the taste of farm fresh cow milk as nothing is added or taken away from the product. The milk is collected from well-maintained farms, and is only pasteurised and not homogenised or standardised - making it rich in cream.





Cow's Milk
So Good



HATSUN[®]

We have a whole range of products to make meals and beverages taste better than they already do. The 99% fat-free Hatsun Skimmed Milk Powder gives customers their daily dose of milk, even when life moves at a hectic pace. Dairy Whitener, complements the beverage of your choice, be it tea or coffee. Hatsun Ghee, Table Butter and Cooking Butter can lift the taste of any recipe. And with Hatsun Milk Beverages, customers get a range of drinks that are delicious and healthy, with no artificial flavours or colours.



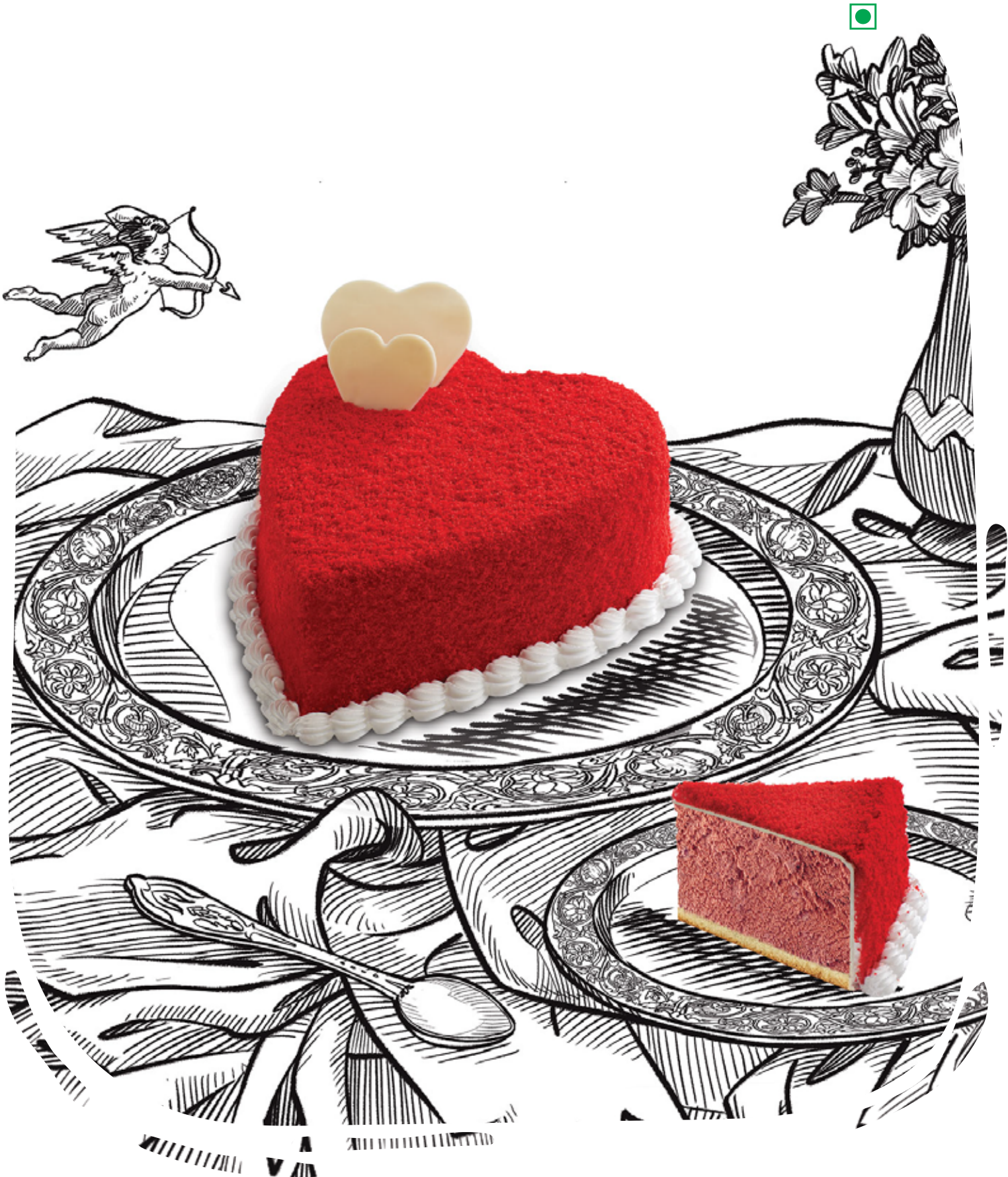




Ever since its launch, Ibaco has shown steady growth, both in terms of numbers and range. While last year saw new flavours added, this year the brand has upped its range with the addition of the ice cream sandwich and ice cream shakes. Ibaco has also introduced two new ice cream cakes - Mango Kingdom Gala and Dark Chocolate. All this goes with the existing collection of ice creams, bars, cakes, signature cones and chocolates.

Ibaco chocolates are available in choices of Dark Chocolate and Milk Chocolate. Customers can pick from a series of variants like Butterscotch, Blackcurrant, Almond Marzipan, Cashew Marzipan, Mango and Cappuccino to name a few. These delicious products are available in diamond and heart shapes.







HAP Daily offers consumers quality products under the Hatsun brand, in a clean and hygienic setting. The store houses products like Arokya Milk, Arun Icecreams and a range of other products like Hatsun Butter, Ghee, Curd, Paneer and Dairy Whitener to name a few. A one-stop dairy outlet for customers right in their neighbourhood.

The year also saw the launch of HAP Daily Ice Cream Cakes to celebrate important events. The variants that were released are: Cream & Cookie, Cherry & Brownie, Rich Chocolate and Red Velvet.

Beyond these new releases, HAP Daily also kicked off their range of delicious chocolates, each filled with something special. The collection includes variants like Cookies & Cream, Tiramisu, Strawberry, Blackcurrant, Mango and Butterscotch.







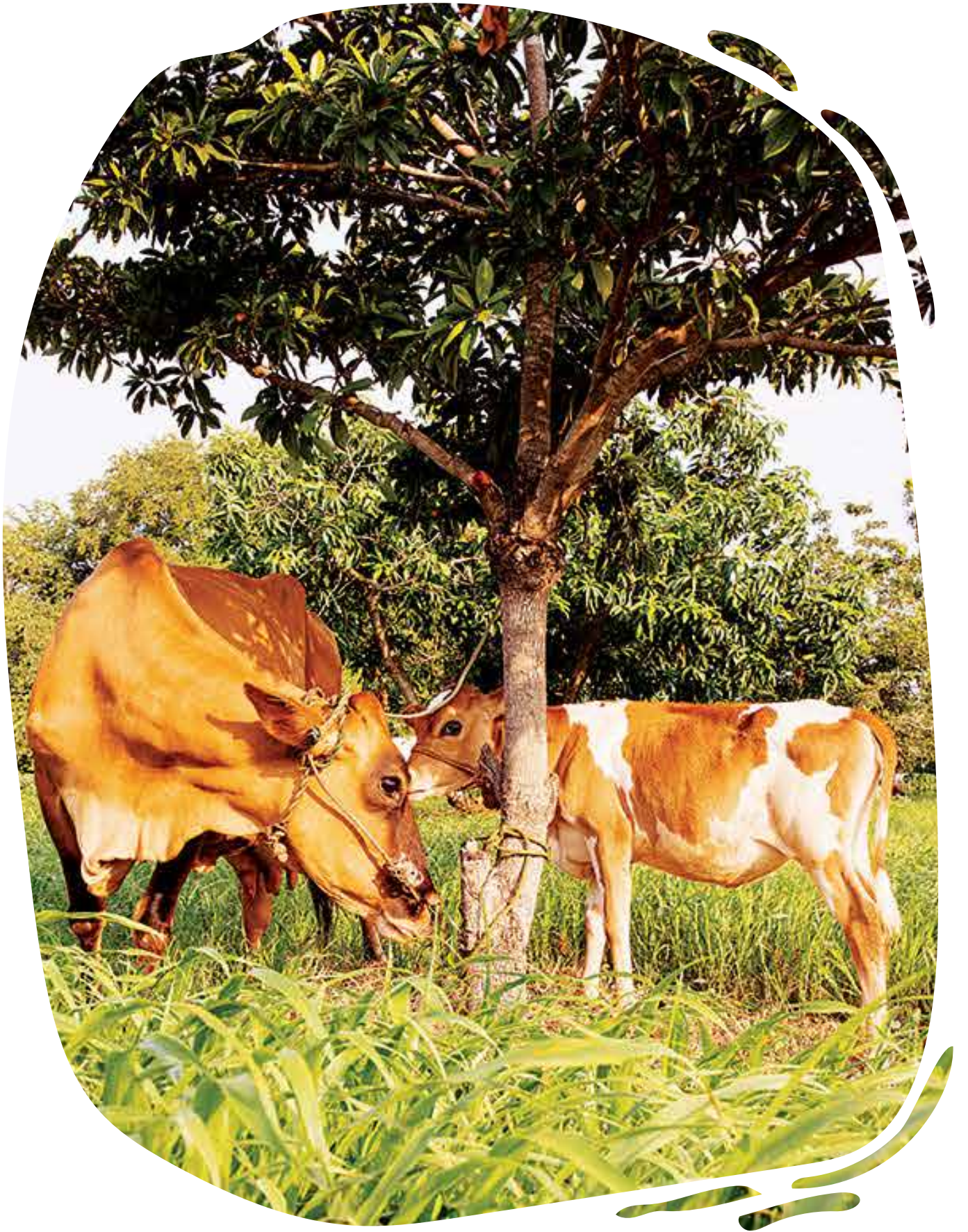
Delicious 100% veg pizzas. That is what Oyalo offers customers. The brand has a range of pizzas, pastas and desserts to choose from. This includes classics like Tandoori Paneer and Giardino Feast, with new variants like Spicy Paneer Twist.

Oyalo has also kept improving, with more cheese and sauce being added to each pizza. This makes each bite extra flavourful.

In keeping with the company's legacy of always giving something new to customers, Oyalo has come out with a number of different pizza variants. This includes Capsicum Tomatino, Mushroom Delitto and Chilli Manchurian Miso under the Personal Pizza category; Corn Olive Papricana, Tomatino Delitto, Farm Fresh Heaven, Onion Mushroom Blast, Pickled Baby Corn Thrill and Smoky Miso Chunks under the Medium category; and Hawaiian Feast, Cheesy Corn Pizza and Veggie Exotica under the Large Category.

Oyalo also offers delicious starters in the form of Garlic Bread and Herby Cheesy Bread.





Santosa®

VITAMINISED CATTLE FEED

Providing the right kind of nutrition to cattle is one of the most important steps in ensuring good milk yield. Santosa Cattle Feed meets this very specific need with a wide range of products.

Santosa Bypass Pellets

This is a top-of-the-line flagship product and contributes to a high volume of sales. The pellets increase milk yield and quality, and by extension, improves income from dairying activities.

Santosa XL

Protein is one of the most essential nutrients. Santosa XL is a premium product that provides high protein to the cattle.

Santosa Season Special

One of Santosa's most unique products, the newly launched Season Special, as its name suggests, is made from selected ingredients depending on the season. It is ideal for desi cows.

Santosa Calf Starter

The nutritional requirement needs of calves are equally as important. Santosa Calf Starter plays a vital role in improving the growth rate of the calf. It is one of the best investments to ensure a thriving future for farms.

Santosa Cattle Supplement

Supplements are vital to cattle nutrition. Santosa Cattle Supplement improves immunity in cows and thereby, improves the quality of milk.



10 YEARS FINANCIALS

PARTICULARS	2019-20	2018-19	2017-18	2016-17
Operating Income/Turnover	5308.3	4760.3	4289.8	4205.41
Other Income	8.7	6.05	8.31	6.79
Total Income	5316.99	4766.35	4298.11	4212.20
Operating Expenses	4758.26	4318.86	3918.15	3827.40
Earnings before Depreciation, Interest and Tax (EBITDA)	558.73	447.49	379.96	384.80
Depreciation	296.5	200.59	173.64	142.87
Interest	105.9	85.72	87.64	70.2
Profit before Tax (PBT)	156.39	161.18	118.68	171.73
Provision for Taxation	44.1	46.34	27.84	36.34
Profit after Tax (PAT)	112.3	114.84	90.84	135.39
Cash Profit (Post Tax)	408.8	315.43	264.48	278.26
Equity Dividend (%)	600	400	400	400
Dividend Payout	116.03	63.91	60.86	60.86
Dividend Payout Ratio (%)	103.35	55.65	67.00	44.95
No. of Equity Shares	161678826	161678826	152168307	152168307
Face Value of Equity Shares	1	1	1	1
Equity Share Capital	16.17	15.98	15.22	15.22
Preference Share Capital	0	0	0	0
Reserves & Surplus	888.31	788.69	350.31	333.39
Shareholders' Funds/Net worth	904.48	804.67	365.53	348.61
Long Term Debt	614.07	502.39	542.07	369.35
Gross Fixed Assets	2,434.5	1825.74	1444.81	1078.78
Net Fixed Assets	1,757.8	1407.81	1216.6	979.91
Earnings per share - (₹)	6.99	7.19	5.88	8.90
Cash Earnings per share - (₹)	25.28	19.51	17.38	18.29
Book Value per share - (₹)	55.94	49.77	24.02	22.91
Debt (Long term) Equity Ratio	0.68	0.62	1.48	1.06
EBDITA/Turnover (%)	10.53	9.40	8.86	9.15
Net Profit Margin (%)	2.12	2.41	2.12	3.22
Return on Net worth (%)	12.41	14.27	24.85	38.84

(₹ in Crores)

2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
3444.59	2933.09	2493.54	2165.02	1603.54	1355.72
4.64	6.01	8.49	3.30	2.47	1.58
3449.23	2939.10	2502.03	2168.32	1606.01	1357.30
3140.00	2734.77	2315.78	2017.24	1494.42	1261.61
308.68	204.33	186.25	151.08	111.59	95.70
107.08	94.03	64.98	50.32	41.84	37.06
68.25	62.94	39.83	43.98	37.58	35.47
133.97	47.36	81.44	56.79	32.17	23.16
73.48	8.20	(0.24)	12.12	5.57	4.42
60.49	39.16	81.68	44.67	26.60	18.75
167.57	133.19	146.66	94.99	68.44	55.81
400	180	250	170	130	55
43.48	19.56	26.92	18.31	10.05	3.83
71.88	49.95	32.96	40.99	37.79	20.44
108691648	108691648	107691648	107691648	107691648	35897216
1	1	1	1	1	2
10.87	10.87	10.77	10.77	10.77	7.18
0	0	0	0.00	0.00	0.00
219.79	210.59	168.62	118.79	96.94	85.61
230.66	221.46	179.39	129.56	107.71	92.79
382.66	421.96	343.24	274.29	174.87	173.04
1132.19	1016.97	795.80	621.30	548.65	499.54
647.23	632.24	503.67	391.76	361.20	348.68
5.57	3.62	7.59	4.15	2.47	5.42
15.42	12.25	13.62	8.82	6.36	15.55
21.22	20.38	16.66	12.03	10.00	25.85
1.66	1.91	1.91	2.12	1.62	1.86
8.96	6.97	7.47	6.98	6.96	7.06
1.76	1.34	3.28	2.06	1.66	1.38
26.22	17.68	45.53	34.48	24.69	20.20

35th ANNUAL GENERAL MEETING

DATE: 24th September, 2020
DAY: Thursday
TIME: 10.00 A.M.
VENUE: Registered Office
1/20A, "Domaine",
Rajiv Gandhi Salai (OMR),
Karapakkam, Chennai - 600 097.

BOARD OF DIRECTORS R.G. CHANDRAMOGAN

Managing Director
(*relinquished his Chairmanship on
21st June 2019)

C. SATHYAN

Executive Director

K.S. THANARAJAN

Chairman - Non-Executive Director
(Appointed as Chairman w.e.f. 21st
June 2019)

P. VAIDYANATHAN

Non-Executive Director

B. THENAMUTHAN

Independent Director

BALAJI TAMMINEEDI

Independent Director

CHALINI MADHIVANAN

Independent Director

S. SUBRAMANIAN

Independent Director

D. SATHYANARAYAN

Non-Executive Director
(w.e.f. 21st June 2019)

H. RAMACHANDRAN

Chief Financial Officer

G. SOMASUNDARAM

Company Secretary

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

S. Subramanian
P. Vaidyanathan
B. Thenamuthan
Balaji Tammineedi
K.S. Thanarajan
Chalini Madhivanan

STAKEHOLDERS' RELATIONSHIP COMMITTEE

S. Subramanian
P. Vaidyanathan
B. Thenamuthan
Balaji Tammineedi
Chalini Madhivanan
K.S. Thanarajan

NOMINATION & REMUNERATION COMMITTEE

S. Subramanian
P. Vaidyanathan
B. Thenamuthan
Balaji Tammineedi
Chalini Madhivanan
K.S. Thanarajan

SUB COMMITTEE

R.G. Chandramogan
C. Sathyan
B. Thenamuthan

CORE COMMITTEE

R.G. Chandramogan
C. Sathyan
K.S. Thanarajan

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

S. Subramanian
P. Vaidyanathan
C. Sathyan
K.S. Thanarajan

RISK MANAGEMENT COMMITTEE

R.G. Chandramogan
C. Sathyan
K.S. Thanarajan

RIGHTS ISSUE COMMITTEE

R.G. Chandramogan
C. Sathyan
K.S. Thanarajan
P. Vaidyanathan

CORPORATE INFORMATION

CIN: L15499TN1986PLC012747
Registered & Corporate Office:
No.1/20A, Domaine, Rajiv Gandhi Salai
(OMR), Karapakkam, Chennai - 600 097.
Phone: 91-44-24501622
Fax: 91-44-24501422
Website: www.hap.in
E-mail: secretarial@hap.in

STATUTORY AUDITORS M/S. DELOITTE HASKINS & SELLS LLP

8 Floor, A S V Ramana Towers,
52, Venkatnarayana Road,
T. Nagar, Chennai - 600 113.

INTERNAL AUDITORS M/S. ERNST & YOUNG LLP

Tidel Park, 6th Floor, "A" Block (Module 601)
No.4, Rajiv Gandhi Salai, Taramani
Chennai 600 113.

BANKERS

State Bank of India
ICICI Bank Limited
The South Indian Bank Limited
Standard Chartered Bank
Yes Bank Limited
Kotak Mahindra Bank Limited
RBL Bank Limited
HDFC Bank Limited
Axis Bank Limited
IDFC Bank Limited
HSBC Bank
BNP Paribas
The Federal Bank Limited
Bank of Bahrain & Kuwait B.S.C
Doha Bank
Bank of Tokyo-Mitsubishi UFJ, Ltd
Citi Bank
Shinhan Bank

STOCK EXCHANGES

BSE Limited
National Stock Exchange of India Limited

REGISTRAR AND SHARE TRANSFER AGENT INTEGRATED REGISTRY MANAGEMENT SERVICES PRIVATE LIMITED

30, Ramana Residency, 4th Cross,
Sampige Road, Malleswaram
Bangalore - 560 003.

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE THIRTY FIFTH ANNUAL GENERAL MEETING ('AGM') OF HATSUN AGRO PRODUCT LIMITED will be held on Thursday, the 24th September, 2020 at 10.00 A.M. through Video Conferencing (VC)/Other Audio Visual Means (OAVM) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements of the Company for the year ended 31st March, 2020, including the Audited Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the reports of the Board of Directors and the Auditors thereon.
2. To ratify and confirm the payment of Two interim dividends made on the fully paid up and partly paid up Equity Shares of the Company for the financial year 2019-20.
3. To appoint a Director in the place of Shri. R.G. Chandramogan (DIN 00012389) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Shri P. Vaidyanathan (DIN 00029503) who retires by rotation and being eligible, offers himself for re-appointment.

All the Executive Directors and Non-Executive and Non-Independent Directors are liable to retire by rotation. Applying this principle, Shri R.G. Chandramogan who was re-appointed as Executive Director i.e., Managing Director for a period of 5 years w.e.f 1st April, 2019, in the current term and Shri P. Vaidyanathan who was appointed as Non-Executive and Non-Independent Director w.e.f., 1st April, 2019, being the longest serving members are liable to retire by rotation and being eligible offer themselves for re-appointment.

In this regard, the following Resolutions are placed before the Shareholders for approval:

- i) To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions if any, of the Companies Act, 2013, the approval of the Shareholders of the Company be and is hereby accorded to the re-appointment of Shri R.G. Chandramogan (DIN 00012389) as a Director liable to retire by rotation."

- ii) To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions if any, of the Companies Act, 2013, the approval of the Shareholders of the Company be and is hereby

accorded to the re-appointment of Shri P. Vaidyanathan (DIN 00029503) as a Director liable to retire by rotation."

SPECIAL BUSINESS:

5. "Ratification of Remuneration of Cost Auditors.

To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Ramachandran & Associates, Cost Accountants (Firm Registration No. 000799) appointed as the Cost Auditors by the Board of Directors of the Company, to conduct the audit of cost records of the Company for the financial year ending March 31, 2021, be paid a remuneration amounting to INR 1,00,000/- per annum (Rupees One Lakh Only) excluding applicable taxes and out of pocket expense, if any, pursuant to the recommendation of the Audit Committee and as approved by the Board."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all the acts and deeds and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. Approval for revision in the Remuneration of Mr. R.G. Chandramogan (DIN: 00012389) Managing Director of the Company

To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 197 read with Part I and Section I of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), applicable clauses of the Articles of Association of the Company and recommendation of the Nomination and Remuneration Committee and consent of the Board, approval of the Company be and is hereby accorded for revision in the remuneration of Shri R.G. Chandramogan [DIN: 00012389] Managing Director of the Company for the remaining period of his appointment i.e., up to 31.03.2024 unless revised earlier, on the terms and conditions including the remuneration as set out in the Service Agreement as approved by the Board, the details of which are mentioned below:

Salary: Rs. 3,00,000/- (Rupees Three Lakhs only) per month.

Perquisites: The perquisites are classified into three Categories, Category A, B and C – as follows:

CATEGORY `A`**SPECIAL ALLOWANCE :-**

Special Allowance of Rs. 3,87,500/- (Rupees Three Lakhs Eighty Seven Thousand Five Hundred Only) per month.

MEDICAL BENEFITS :-

Reimbursement of actual medical expenses incurred for self and family subject to a ceiling of half month's salary in a year. Reimbursement of special medical expenses, if any, shall be subject to the approval of the Board of Directors.

LEAVE TRAVEL ALLOWANCE :-

Leave Travel Allowance for self and family in accordance with the rules specified by the Company subject to a ceiling of Rs. 25,000 per month.

CLUB FEES :-

Fees for clubs subject to a maximum of two clubs. This will not include admission and life membership fee.

INSURANCE COVER :-

Personal Accident Insurance cover for self, the actual premium for which does not exceed Rs. 5,000/- per annum.

Explanation: For the purpose of Category 'A', 'family' means the spouse, dependent children and dependent parents.

CATEGORY `B`

The Benefit of the Company's Superannuation Scheme in accordance with the rules for the time being in force. Contribution to Superannuation Fund will not be included in the computation of the ceiling of perquisites to the extent these either singly or put together are not taxable, under the Income-tax Act, 1961. Gratuity payable will not exceed half a month's salary for each completed year of service.

Leave: Mr. R.G. Chandramogan will be allowed leave and encashment thereof as per the Rules of the Company.

CATEGORY `C`

The Company shall provide a car with driver and telephone facility at the residence of Mr. R.G. Chandramogan. Provision of a car for use on Company's business and telephone at residence will not be considered as perquisites. Personal distance calls on telephone shall be billed by the Company to Mr. R.G. Chandramogan. Use of car for personal purpose shall be valued in accordance with the income-tax Rules for such use if any and shall be treated as taxable income.

The aggregate remuneration inclusive of salary, bonus, incentives, perquisites, allowances and other benefits payable to Mr. R.G. Chandramogan shall always be subject to the overall ceilings laid down in Section 197 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

MINIMUM REMUNERATION :-

Where in any financial year during the tenure of Mr. R.G. Chandramogan, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. R.G. Chandramogan the above remuneration by way of salary, perquisites and other benefits as minimum remuneration subject to the limits specified under Section II of Part II of Schedule V of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force), or such other limits as may be prescribed from time to time as minimum remuneration. If such minimum remuneration is in excess of ceiling, if any, prescribed under Schedule V to the Companies Act, 2013, the Company shall seek permission of Shareholders as may be necessary in accordance with the provisions governing payment of remuneration in force at the relevant point of time.

The appointment is terminable by three months' notice or by payment of three months' salary in lieu thereof by either party.

"RESOLVED FURTHER THAT the Board of Directors (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorised 'Committee' thereof) and the Company Secretary of the Company be and are hereby authorised severally to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to the above resolution."

7. Approval for revision in the Remuneration of Mr. C. Sathyan (DIN: 00012439) Executive Director of the Company

To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 197 read with Part I and Section I of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), applicable clauses of the Articles of Association of the Company and recommendation of the Nomination and Remuneration Committee and consent of the Board, approval of the Company be and is hereby accorded for revision in the remuneration of Shri C. Sathyan [DIN: 00012439] Executive Director of the Company for the remaining period of his appointment i.e., up to 31.05.2021 unless revised earlier, on the terms and conditions including the remuneration as set out in the Service Agreement as approved by the Board, the details of which are mentioned below:

Salary: Rs. 3,00,000/- (Rupees Three Lakhs only) per month.

HRA: Rs. 1,50,000/- (Rupees One Lakh and Fifty Thousand Only) per month.

Perquisites: The perquisites are classified into three Categories, Category A, B and C – as follows

CATEGORY `A`**SPECIAL ALLOWANCE :-**

Special Allowance of Rs. 1,87,500/- (Rupees One Lakh Eighty Seven Thousand Five Hundred only) per month.

HOUSING :-

House Rent Allowance shall be subject to a ceiling of 50% of the Salary. If the Company provides the accommodation, the expenditure on hiring furnished accommodation shall be subject to 50% of the salary.

MEDICAL BENEFITS :-

Reimbursement of actual medical expenses incurred for self and family subject to a ceiling of half month's salary in a year. Reimbursement of special medical expenses, if any, shall be subject to the approval of the Board of Directors.

LEAVE TRAVEL ALLOWANCE :-

Leave Travel Allowance for self and family in accordance with the rules specified by the Company subject to a ceiling of Rs. 25,000 per month.

CLUB FEES :-

Fees for clubs subject to a maximum of two clubs. This will not include admission and life membership fee.

INSURANCE COVER :-

Personal Accident Insurance cover for self, the actual premium for which does not exceed Rs. 5,000/- per annum.

Explanation: For the purpose of Category `A`, `family` means the spouse, dependent children and dependent parents.

CATEGORY `B`

The Benefit of the Company's Provident Fund and Superannuation Scheme in accordance with the rules for the time being in force. Contribution to Provident Fund and Superannuation Fund will not be included in the computation of the ceiling of perquisites to the extent these either singly or put together are not taxable, under the Income-tax Act, 1961. Gratuity payable will not exceed half a month's salary for each completed year of service.

Leave: Mr. C. Sathyan will be allowed leave and encashment thereof as per the Rules of the Company.

CATEGORY `C`

The Company shall provide a car with driver and telephone facility at the residence of Mr. C. Sathyan. Provision of a car for use on Company's business and telephone at residence will not be considered as perquisites. Personal distance calls on telephone shall be billed by the Company to Mr. C. Sathyan. Use of car for personal purpose shall be valued in accordance with the income-tax Rules for such use if any and shall be treated as taxable income.

The aggregate remuneration inclusive of salary, bonus, incentives,

perquisites and allowances and other benefits payable to Mr. C. Sathyan, shall always be subject to the overall ceilings laid down in Sections 196, 197, Schedule V and other applicable provisions of the Companies Act, 2013.

MINIMUM REMUNERATION :-

Where in any financial year during the tenure of Mr. C. Sathyan, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. C. Sathyan the above remuneration by way of salary, perquisites and others as a minimum remuneration subject to the limits specified under Section II of Part II of Schedule V of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force), or such other limits as may be prescribed by the Government from time to time as minimum remuneration. If such minimum remuneration is in excess of ceiling, if any, prescribed under Schedule V to the Companies Act, 2013, the Company shall seek permission of Shareholders as may be necessary in accordance with the provision governing payment of remuneration in force at the relevant point of time.

The appointment is terminable by three months' notice or by payment of three months' salary in lieu thereof by either party.

"RESOLVED FURTHER THAT the Board of Directors (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorised 'Committee' thereof) and the Company Secretary of the Company be and are hereby authorised severally to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to the above resolution."

By order of the Board

For HATSUN AGRO PRODUCT LIMITED

Sd/-

G. Somasundaram
Company Secretary

Place: Chennai

Date: 21st July, 2020

Registered Office:

Domaine, Door No. 1/20A,

Rajiv Gandhi Salai(OMR),

Karapakkam, Chennai 600 097.

CIN: L15499TN1986PLC012747

NOTES:

- 1 (a). Special Business to be transacted at this AGM is annexed.
In this regard, the Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to special business is attached with this Notice.
- 1 (b). In view of the outbreak of COVID-19 pandemic, social distancing measures are a prerequisite and in terms of Ministry of Corporate Affairs (“MCA”) Circular No. 20/2020 dated 5th May, 2020 read with Circular 14/2020 dated 8th April, 2020, Circular 17/2020 dated 13th April, 2020 (“MCA Circulars”) and Securities Exchange Board of India (SEBI) Circular dated 12th May, 2020, the Annual General Meeting (AGM) is being conducted through Video Conference (“VC”)/Other Audio Visual Means (“OAVM”). The deemed venue for the AGM shall be the Registered Office of the Company.
2. In terms of MCA Circulars, since physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, facility of appointment of Proxies by Members under Section 105 of the Act, will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to the Notice. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 30 minutes before and 15 Minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. are allowed to attend the AGM without restriction on account of first come first served basis.
- 4(a). Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- 4(b). In line with the MCA Circulars and SEBI Circular dated 12th May 2020, the Notice calling the AGM and Annual Report 2019-20 are being sent through electronic mode only to those Members whose email addresses are registered with the Company/Depositories. Members may note that Notice and Annual Report 2019-20 will also be made available on the Company’s website at www.hap.in, websites of the Stock Exchanges i.e. BSE Limited and The National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 23-September-2020 to 24-September-2020 (both days inclusive) for the purpose of Annual General Meeting for the financial year 2019-20.
6. The relevant details as required by Regulation 36 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Secretarial Standards issued by the Institute of Company Secretaries of India of persons seeking appointment /re-appointment as Directors, are provided in the annexure attached to this notice.
7. Members holding shares in physical form are requested to consider converting their shareholding to dematerialised form to eliminate all the risks associated with physical shares and for ease in portfolio management. Members can contact either the Company or Integrated Registry Management Services Private Limited (IRMSPL), for assistance in this regard.
8. Members may visit Company’s website: www.hap.in and contact us at e-mail: secretarial@hap.in/IRMSPL for any Queries.
9. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended, and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing a facility to its members to exercise their votes electronically through the remote e-voting facility arranged by National Securities Depository Limited for all the items of business as set out in the notice of AGM and confirms that the business can be transacted through e-voting in pursuance of the above provisions.
10. The remote e-voting period begins on Monday, 21st September, 2020 at 9:00 A.M. and ends on Wednesday, 23rd September, 2020 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. During this period, members of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date i.e., Thursday, 17th September, 2020, may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
11. The voting rights of members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. Thursday, 17th September, 2020.

A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

12. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting during the AGM through electronic means.
13. Any person who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of cut-off date, may obtain the login id and password by sending a request to evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
14. Mr. N. Ramanathan, Partner, S. Dhanapal & Associates, a firm of Practising Company Secretaries (Membership No. F6665) has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.
15. The Scrutiniser shall after the conclusion of voting during the general meeting, will first count the votes cast during the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
16. The Results declared along with the report of the Scrutiniser shall be placed on the website of the Company www.hap.in and on the website of NSDL <https://www.evoting.nsdl.com> immediately after the declaration of result by the Chairman or a person authorised by him in writing. Simultaneously the results shall also be forwarded to BSE Limited, Mumbai and The National Stock Exchange of India Limited, Mumbai.
17. The Company is concerned about the environment and utilises the natural resources in a sustainable way. We request you to update your email address with your Depository Participant or RTA (IRMSPL) to enable us send Annual Report, Notices and all other communications via e-mail.
18. Members who are holding shares in more than one folio are requested to intimate to the Registrar and Share Transfer Agent (IRMSPL), the details of all folio numbers for consolidation in to a single folio.
19. Pursuant to Finance Act 2020, dividend income will be taxable at the hands of shareholders w.e.f. 1st April, 2020 and the Company is required to deduct tax at source from dividend paid to members at prescribed rates. For the prescribed rates or various categories the members are requested to refer to the Finance Act, 2020 and amendments thereof. The members are requested to update their PAN with Registrar and Transfer Agents (IRMSPL) (in case of shares held in physical mode) and depository participants (in case shares held in demat mode). However, no tax shall be deducted on the dividend payable to a resident individual shareholder if the total dividend to be received during FY 20-21 does not exceed Rs. 5000/-. Reserve Bank of India has initiated NECS for credit of dividend directly to the bank account of Members. Members are requested to register their Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR and 11 digit IFS code), in respect of shares held in a dematerialised form with their respective Depository Participants and in respect of shares held in physical form with IRMSPL.
20. A resident individual shareholder with PAN who is not liable to pay income tax can submit a yearly declaration in Form 15G/15H, to avail the benefit of non-deduction of tax by Clicking the below link and selecting 'HATSUN AGRO PRODUCT LIMITED' in the company drop down <https://www.integratedindia.in/ExemptionFormSubmission>. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.
21. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by Clicking the below link and selecting 'HATSUN AGRO PRODUCT LIMITED' in the company drop down <https://www.integratedindia.in/ExemptionFormSubmission>.
22. In case the Company is unable to pay dividend to any Member directly in their bank account through Electronic Clearing Services or any other means due to non-registration of Electronic Bank Mandate, the Company shall dispatch the dividend warrants to such member at the earliest once the normalcy is restored.
23. Members can avail the facility of nomination in respect of securities held by them in physical form pursuant to the provisions of Section 72 of the Act. Members desiring to avail this facility may send their nomination in the prescribed form duly filled-in to RTA. Members holding shares in electronic mode may contact their respective Depository Participant (DP) for availing this facility.
24. Members desiring any information as regards the financial statements are requested to write an email to the Company to its e-mail id secretarial@hap.in at least seven days before the date of the meeting.

25. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. The Company will not entertain any direct request from Members holding shares in electronic mode for deletion of/change in such bank account details.
26. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in a physical form can submit their PAN to the Company or IRMSPL.
27. Members are requested to check whether they have encashed their Dividend Warrants for the earlier years. If the Dividend Warrants have become time-barred/lost, please apply for revalidation/issue of fresh dividend warrant before the last dates indicated below:

DIVIDEND FOR THE YEAR	RATE OF DIVIDEND	DATE OF DECLARATION	DATE ON WHICH UNPAID AMOUNT TO BE TRANSFERRED TO IE&PF	SHAREHOLDERS SHOULD APPLY LATEST BY
2012-13	40%	30/05/2013	06/07/2020	16/06/2020
2013-14	150%	30/10/2013	06/12/2020	16/11/2020
2013-14	100%	23/01/2014	01/03/2020	10/02/2020
2014-15	60%	24/01/2015	02/03/2021	11/02/2021
2014-15	120%	28/05/2015	03/07/2022	13/06/2022
2015-16	150%	15/07/2015	20/08/2022	31/07/2022
2015-16	100%	20/10/2015	26/11/2022	06/11/2022
2015-16	150%	16/03/2016	22/04/2023	02/04/2023
2016-17	100%	06/08/2016	11/09/2023	22/08/2023
2016-17	300%	27/04/2017	03/06/2024	14/05/2024
2017-18	100%	13/07/2017	19/08/2024	30/07/2024
2017-18	300%	21/05/2018	27/06/2025	07/06/2025
2018-19	200%	24/01/2019	23/01/2026	03/01/2026
2018-19	200%	02/05/2019	01/05/2026	11/04/2026
2019-20	200%	18/07/2019	23/08/2026	05/08/2026
2019-20	200%	09/03/2020	15/05/2027	25/04/2027

During the year 2019-20, an amount of ₹5,27,022/- (₹1,35,041 + ₹3,91,981 which were declared on 10.08.2012 and 14.11.2012 and remained unclaimed for a period of 7 consecutive years), being unclaimed dividend pertaining to the financial year 2012-13 (Interim dividend) was transferred to Investor Education & Protection Fund (IE&PF).

28. In terms of the provisions of the Companies Act, 2013, all the dividend amounts, which remain unclaimed and unpaid for a period of seven years, will be transferred to the Investor Education & Protection Fund (IE&PF). Apart from the transfer of unpaid dividend amount remaining unclaimed for a period of seven years, pursuant to

the notification issued by the Ministry of Corporate Affairs on 28th February 2017 amending the Investor Education & Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the shares belonging to those shareholders who have not encashed any dividend warrants during the last seven or more years shall also be transferred to the DEMAT account of the IEPF authority within a period of thirty days of such shares becoming due to be transferred to the Fund. The details of shareholders who have not encashed their dividend warrants are available in Company's website www.hap.in.

29. Since the AGM will be held through VC/OAVM, the route map is not annexed with the Notice.
30. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank account details such as, name of the bank and branch, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to Bank's RTA- Integrated Registry Management Services Private Ltd., No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleshwaram, Bengaluru - 560003 (Tel no. 080-23460815 / 6 / 7) in case the shares are held by them in physical form.

In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Bank or Register of Beneficial holders as made available by the depositories, will be entitled to vote at the AGM.

During the AGM, the register of Directors and KMPs and their shareholding, the register of contracts or arrangements in which Directors are interested and Memorandum and Articles of Association will be available for inspection through electronic mode.

Shareholders may send their questions in advance mentioning their name, demat account number/folio number, email id, mobile number at secretarial@hap.in on or before 19.09.2020. Replies to the same will be given by the company suitably.

By order of the Board

For **HATSUN AGRO PRODUCT LIMITED**

Sd/-

G. Somasundaram

Company Secretary

Place: Chennai

Date: 21st July, 2020

Registered Office:

No.1/20A. Domaine,

Rajiv Gandhi Salai (OMR), Karapakkam,

Chennai - 600 097.

CIN: L15499TN1986PLC012747.

PROFILE OF THE DIRECTORS BEING APPOINTED/RE-APPOINTED		
The brief resume of each of the Directors who are proposed to be appointed/re-appointed is given below:		
Name of the Director	Shri. P. Vaidyanathan	Shri R.G. Chandramogan
Director Identification Number (DIN)	00029503	00012389
Date of Birth and Age	29-10-1947 and 72 Years	01-03-1949 and 71 Years
Date of Appointment at current designation/ Date of first appointment on the Board	1st April 2019 as a Non-Executive Non-Independent Director.	Managing Director - for a period of five years commencing from April 1, 2019
Profile/Qualifications & Experience	Mr. P. Vaidyanathan, is a fellow member of the Institute of Chartered Accountants of India and associate member of the Institute of Company Secretaries of India and the Institute of Cost and Works Accountants of India. He has over 30 years of experience in the finance functions and has expertise in the field of corporate finance.	Mr. R.G. Chandramogan has been in the dairy business for more than 30 years. In February 2018, the Indian Dairy Association awarded patronship to Mr. R.G. Chandramogan in recognition of the valuable services rendered by him in furthering the cause of the Indian Dairy Association and the dairy industry, through planning and development.
Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid and the remuneration last drawn	Non-Executive Non-Independent Director. Entitled to Sitting Fees of INR 50,000 per meeting of the Board and INR 10,000 for every meeting of the Committee of the Board only.	The Terms and Conditions of appointment and remuneration are in accordance with a Special Resolution passed through a Postal Ballot on 22.10.2018 and the details of his remuneration are disclosed in the Board's Report at appropriate places.
Directorship in other Companies & Membership /Chairmanship of Committees of other Boards	1. Economist Communications Limited 2. Suja Shoei Industries Private Limited 3. Polyspin Exports Limited 4. CIS Assets Data E-Services Limited 5. Integrated Fintech Education Foundation	None.
Shareholding in the Company	Holds 9,00,000 Fully Paid Up equity shares.	Holds 9,15,49,563 Equity Shares as on 31st March, 2020
Relationship with Other Directors, Managers and other Key Managerial Personnel of the company	None.	Father of Mr. C. Sathyan, Executive Director.
The number of Meetings of the Board attended during the year	Eight Meetings	Eight Meetings

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on Monday, 21st September, 2020 at 9:00 A.M. and ends on Wednesday, 23rd September, 2020 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.

The voting rights of members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. Thursday, 17th September, 2020.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered
- 6) If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password? (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in

mentioning your demat account number/folio number, your PAN, your name and your registered address.

- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- 7) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- 8) Now, you will have to click on "Login" button.
- 9) After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUE, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorised to vote, to the Scrutiniser by e-mail to secretarial@csdhanapal.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to Soni Singh, Assistant Manager, NSDL at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to secretarial@hap.in. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to secretarial@hap.in.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER :-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS TO MEMBERS FOR ATTENDING THE AGM THROUGH VC/OVAM ARE AS UNDER:

- a) Members will be able to attend the AGM through VC/OVAM or view the live webcast of AGM provided by NSDL at <https://www.evoting.nsdl.com> by using their remote e-voting login credentials and selecting the EVEN for Hatsun Agro Product Limited AGM;
- b) Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further Members can also use the OTP based login for logging into the e-voting system of NSDL.
- c) Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in/1800-222-990.
- d) Members who would like to express their views or ask questions during the AGM may register themselves as a Speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/Folio number, PAN, mobile number at secretarial@hap.in from September 18, 2020 (09.00 a.m. IST) to September 20, 2020 (05.00 p.m. IST). Those Members who have registered themselves as a Speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of Speakers depending on the availability of time for the AGM.

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- e) Members are encouraged to join the Meeting through Laptops for better experience.
- f) Further Members will be required to allow Camera and use Internet with a good speed to avoid a disturbance during the meeting.
- g) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

By order of the Board
For **HATSUN AGRO PRODUCT LIMITED**

Sd/
G. Somasundaram
Company Secretary

Place: Chennai
Date: 21st July, 2020

Registered Office:
Door No.1/20A, Domaine,
Rajiv Gandhi Salai (OMR),
Karapakkam, Chennai - 600 097.
CIN: L15499TN1986PLC012747.

EXPLANATORY STATEMENT

Annexed to the Notice convening the Thirty Fifth Annual General Meeting to be held on
Thursday, the 24th September, 2020

Item No. 5

The Board, on the recommendation of the Audit Committee, has approved at their meeting held on 23.06.2020 the appointment of M/s. Ramachandran & Associates, Cost Accountants (Firm Registration No. 000799) as the Cost Auditors to conduct the audit of cost records of the Company for the financial year ending March 31, 2021 at a remuneration of INR 1,00,000/- per annum (Rupees One Lakh per annum only) excluding applicable taxes and out of pocket expenses, if any.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an ordinary resolution as set out at Item No. 5 of this notice for ratification of remuneration payable to the Cost Auditors for the financial year ending 31st March, 2021.

None of the Promoters, Directors and Key Managerial Persons (KMPs) of the Company or any relatives of such Promoters, Directors or KMPs, are in any way concerned or interested, financially or otherwise, in the resolution as set out at Item No.5 of this Notice.

The Board recommends the resolution set forth in Item No. 5 for the approval of members.

Item No. 6:

The Board of Directors at their meeting held on 21st July, 2020, with the recommendation of Nomination and Remuneration Committee, approved the revision in the special allowance of Mr. R.G. Chandramogan (DIN: 00012389), with a marginal increase (from the existing approved limit of Rs. 3,75,000 to Rs. 3,87,500 only) and payment of Leave Travel Allowance of Rs. 25,000 per month subject to the approval of members by way of passing an Ordinary resolution. All the other terms of Remuneration remain the same as approved earlier by the Shareholders through Postal ballot on 07.12.2018.

The Board recommends an ordinary resolution as set out at item No.6 of the notice for approval of members.

Except Mr. R.G Chandramogan, being the Managing Director to whom the revision in special allowance and payment of Leave Travel Allowance on a monthly basis are proposed and Mr. C. Sathyan, being his son, in the capacity of Executive Director of the Company, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned on interested in the resolution set out at Item No. 6.

Item No. 7:

The Board of Directors at their meeting held on 21st July, 2020, with the recommendation of Nomination and Remuneration Committee, approved the revision in only the special allowance being paid to Mr. C Sathyan (DIN: 00012439), with a marginal increase (from the existing approved limit of Rs. 1,50,000 to Rs. 1,87,500 only) and HRA subject to the approval of members by way of passing an ordinary resolution. All the other terms of Remuneration remain the same as approved earlier by the Shareholders through Postal Ballot on 13.06.2019.

The Board recommends an ordinary resolution as set out at item No.7 of the notice for approval of members.

Except Mr C Sathyan, being the Executive Director to whom the revision in special allowance is proposed and Mr. R.G. Chandramogan, being his father, in the capacity of Managing Director of the Company, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned on interested in the resolution set out at Item No. 7.

By order of the Board
For HATSUN AGRO PRODUCT LIMITED
Sd/-
G. Somasundaram
Company Secretary

Place: Chennai

Date: 21st July, 2020

BOARD'S REPORT

To the Members,

Your Directors have pleasure in presenting their 35th Report along with the audited financial statement for the financial year ended March 31, 2020.

FINANCIAL RESULTS

The financial results of the Company for the year ended 31st March, 2020 are summarised below:

(₹ in Lakhs)

PARTICULARS	CURRENT YEAR ENDED 31 ST MARCH, 2020	PREVIOUS YEAR ENDED 31 ST MARCH, 2019
Revenue from Operations (net)	5,30,833	4,76,030
Other Income	865	605
Total Income	5,31,699	4,76,635
Operating Expenditure	4,75,826	4,31,886
Profit before Interest, Depreciation and Amortisation and Tax (PBDIT)	55,872	44,749
Finance Costs (net)	10,585	8,572
Depreciation and Amortisation	29,648	20,059
Profit before Taxes	15,639	16,118
Tax Expenses	5,234	4,633
Income tax pertaining to earlier years	-821	-
Net Profit for the Year	11,227	11,485
Other Comprehensive (Income/Expenses)	164	60
Total Comprehensive income	11,063	11,425
Balance Brought Forward from Previous Year	25,104	23,078
Re-measurement of Defined Benefit Obligations	(50)	(102)
Amount Available for Appropriation	36,282	34,460
Appropriations		
Interim Dividends on Equity Shares	9,625	7,761
Tax on Dividends	1,978	1,595
Transfer to General Reserve	-	-
Balance carried to Balance Sheet	24,679	25,104

PERFORMANCE OF THE COMPANY

During the year, your Company registered a total income of ₹5,31,699 Lakhs as against ₹4,76,635 Lakhs representing an increase of 11.55 % over that of the previous year. The PBDIT has increased from ₹44,749 Lakhs (FY 2018-2019) to ₹55,872 Lakhs (FY 2019-2020) representing an increase of 24.85.%. The net profit during the year was ₹11,227 Lakhs in comparison with previous year which stood at ₹11,485 Lakhs resulting in a decrease of 1.30.%

DIVIDEND

For the Financial Year 2019-2020, Your Company declared and paid first interim dividend of ₹2/- (200%) per fully paid up equity share of the face value of ₹1 per share (ISININE473B01035) and ₹1.60 (200%) per partly paid up

equity share (ISIN IN9473B01017) of the face value of ₹1 per share (paid-up to the extent of ₹0.80 each) on 18th July, 2019

Declared and paid the second interim dividend of ₹2/- (200%) per fully paid up equity share of the face value of ₹1 per share (ISININE473B01035) and ₹1.60 (200%) per partly paid up equity share (ISIN IN9473B01017) of the face value of ₹1 per share (paid-up to the extent of ₹0.80 each) on 9th March, 2020.

The cash out flow on account of first interim dividend excluding dividend tax for the year 2019-20, aggregated to ₹3195.53 Lakhs and the cash outflow on account of second interim dividend excluding dividend tax aggregated to ₹3233.55 Lakhs there by resulting in a total payout of 55.26% of the net profits of the Company.

During the year 2019-20, an amount of ₹5,27,022 (₹1,35,041 + ₹3,91,981 which were declared on 10.08.2012 and 14.11.2012 and remained unclaimed for a period of 7 consecutive years) being unclaimed dividend pertaining to the financial year 2012-13 (Interim dividend) was transferred to Investor Education & Protection Fund (IE&PF)

CHANGES IN SHARE CAPITAL

In the beginning of financial year 2019-20, the paid up Equity Share Capital of the Company stood at 1598.10 Lakhs divided in to ₹15,21,68,307 Equity Shares of Re.1 per Share - fully paid up and ₹95,10,519 Equity Shares of Re.0.80 per share - partly paid up (total number of Shares stood at ₹16,16,78,226 Equity Shares). During the year, your Company made a call to the Shareholders holding partly paid up Rights Equity Shares amounting to 95,10,519 to receive the balance amount of ₹0.20 per Share with a share premium of ₹110.80 per Share and received the Call Money on 95,03,121 (9472144 + 30977-Call Money received on these Shares within the due date and extended timeline respectively) partly paid up Rights Equity Shares and the same were duly converted in to fully paid up Equity Shares of the Company. Thus, at the end of the financial year 2019-20 i.e., as on 31.03.2020, the fully paid up Equity Shares stood at 16,16,71,428 for ₹1 each and 7398 Shares stood as partly paid up Right Equity Shares paid at ₹0.80 per share amounting to ₹16,16,71,428 and ₹5918 respectively. Thus, the paid up Equity Share Capital of the Company after adding the receipt of money through Call, stands at ₹1616.77 Lakhs.

RIGHTS ISSUE

During the year, your Company has received ₹10,548.46 Lakhs towards Rights Call Money paid on ₹95,03,121 partly paid up Rights Equity Shares (at Re.0.20 per Equity Share towards face value and ₹110.80 towards Share Premium) out of the total number of ₹95,10,519 partly paid up Rights Equity Shares. The Company is yet to receive the Rights Call Money on the remaining ₹7398 partly paid up Rights Equity Shares as of 31.03.2020 and the timelines have been extended for receipt of Call Money on the partly paid up Rights Equity Shares and the Company expects to receive the same within the extended timelines.

(Rights Issue was made to the eligible Equity Shareholders of the Company in the ratio of 1 Rights Equity Share for every 16 fully paid up Equity Shares held by such eligible Equity Shareholders on the record date i.e., June 1, 2018).

Out of the Issue proceeds of ₹10,548.46 Lakhs, your Company had utilised the receipt in full towards full or partial repayment or prepayment of the borrowings availed by the Company. The utilisation of the proceeds has been in accordance with the objects stated in the Letter of Offer dated June 06, 2018, in respect of the Rights Issue of the Company in compliance with Regulation 32(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and there is no deviation as regards the utilisation of funds.

The selection and extent of borrowings repaid out of the issue proceeds of ₹10,548.46 Lakhs was based on various commercial considerations including, among others, the costs, expenses and charges relating to the facility including interest rate of the relevant borrowing, the amount of the borrowing outstanding, the remaining tenor of the borrowing, presence of onerous terms and conditions under the facility, levy of any prepayment penalties and the quantum thereof, provisions of any law, rules or regulations governing such borrowings, terms of prepayment to lenders, if any and mix of credit facilities provided by lenders.

Your Company will forfeit the Shares on which the Call Money remains unpaid even after the extended timelines, as and when the Board approves such forfeiture.

TRANSFER TO RESERVES

The Company retained the entire surplus in the Profit and Loss Account and hence no transfer to General Reserve was made during the Year.

FINANCE

The total borrowings has increased from ₹1,02,790.96 Lakhs to ₹1,19,702 Lakhs due to investments in various fixed assets.

Your Company follows the judicious management of its Short Term and Long Term Borrowings with strong relationship with various reputed Banks from whom your Company has availed Credit facilities at very competitive rates.

DEPOSITS

The total amount of fixed deposits (excluding interest on Cumulative Deposits) from public, outstanding and unclaimed as at 31st March, 2020, was NIL.

(a) Accepted during the Year	NIL
(b) Remained unpaid or unclaimed as at the end of the year. (Including interest thereon)	NIL
(c) Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved:	No deposit has been accepted by the Company during the year and there did not arise any default during the year.
i. As at 1st April 2019	NIL
ii. Maximum during April 2019 to March 2020.	NIL
iii. As at 31st March 2020.	NIL
(d) Details of deposits which are not in compliance with the requirements of Chapter V of the Act	NIL

INVESTOR EDUCATION AND PROTECTION FUND (IE&PF)

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IE&PF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IE&PF Rules"), all the Unpaid or Unclaimed dividends are required to be transferred by the Company to the IE&PF Authority after the completion of seven years. Further, according to the Rules, the Shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account of the IE&PF Authority. During the year, the Company transferred the unclaimed and unpaid dividends of ₹1,35,041 and ₹3,91,981 (Total ₹5,27,022) which were declared on 10.08.2012 and 14.11.2012 respectively and remained unclaimed for a period of 7 consecutive years) pertaining to the financial years 2011-12 and 2012-13 (Interim dividend) were transferred to Investor Education & Protection Fund (IE&PF). The details in respect of transfer of unclaimed dividends are provided in the Shareholder information section of this Annual Report and are also available on our website, at <https://www.hap.in/unclaimed-dividend-deposits.html>

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

There were no loans and guarantees given by the Company falling under Section 186 of the Companies Act, 2013. Particulars of investments covered under Section 186 forms part of the notes on financial statements provided in this Annual Report.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointments, Resignations and Changes

Mr. S. Subramanian who was appointed as an Additional Director under the category of Non-Executive Independent Director with effect from 24th January, 2019 was appointed as Non-Executive Independent Director with the approval of Members through Postal Ballot dated 13th June, 2019 to hold office as Non-Executive Independent Director of the Company for a period of 5 consecutive years with effect from 24th January, 2019.

Shri. S. Subramanian is a Post Graduate in Commerce and Management and he is a finance professional with more than 30 years of experience in the manufacturing Industry including the dairy industry. He has expertise and knowledge in the areas of Corporate Finance, Accounting, Capital Structuring, Governance and Compliance matters.

Mr. S. Subramanian is not related to any of the Directors or KMPs of the Company and he does not hold any shares in the Company.

Mr. P. Vaidyanathan who completed his first term of Independent Directorship as per the provisions of The Companies Act, 2013 and SEBI LODR Regulations, 2015, at the close of business hours on 31st March 2019 was appointed by the Board at its Meeting held on 29th March, 2019 as an Additional Director under the category of Non-Executive Non-Independent Director with effect from 1st April 2019 with the recommendation of the Nomination and Remuneration Committee, considering his vast experience and expertise in the field of corporate finance whose presence in the Board was found desirable, beneficial and in the best interest of the Company. Pursuant to the same, Mr. P. Vaidyanathan was appointed as Non-Executive Non-Independent Director with the approval of Members through Postal Ballot dated 13th June, 2019 to hold office as Non-Executive Non-Independent Director of the Company.

Mr. P. Vaidyanathan, is a fellow member of the Institute of Chartered Accountants of India and associate member of the Institute of Company Secretaries of India and the Institute of Cost Accountants of India. He has over 30 years of experience in the finance functions and has expertise in the field of corporate finance.

Mr. P. Vaidyanathan is not related to any of the Directors or KMPs of the Company and he holds 9,00,000 Equity Shares of the Company.

Dr. Chalini Madhivanan was appointed as Independent Director with the approval of Members through Postal Ballot dated 13th June, 2019 to hold the office of Independent Director of the Company for a second term of 5 consecutive years with effect from 23rd September, 2019.

Mr. Tammineedi Balaji was appointed as Independent Director with the approval of Members through Postal Ballot dated 13th June, 2019 to hold the office of Independent Director of the Company for a second term of 5 consecutive years with effect from 23rd September, 2019.

Mr. B. Thenamuthan was re-appointed as an Independent Director for a second consecutive term of five years with effect from 1st April 2019 by the Shareholders through postal ballot on 7th December 2018.

RE-APPOINTMENTS

As per provisions of the Companies Act, 2013, Mr. R.G. Chandramogan, Managing Director and Mr. P. Vaidyanathan, Non-Executive Non-Independent Director are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board of Directors recommends their re-appointment.

BRIEF PROFILE OF DIRECTORS PROPOSED TO BE RE-APPOINTED:

Mr. R.G. Chandramogan has been in the dairy business for more than 30 years. In February 2018, the Indian Dairy Association awarded patronship to Mr. R.G. Chandramogan in recognition of the valuable services rendered by him in furthering the cause of the Indian Dairy Association and the dairy industry, through planning and development. Except the Executive Directorship held in this Company, Mr. R.G. Chandramogan does not hold any Directorship in any other Company.

Mr. P. Vaidyanathan, is a fellow member of the Institute of Chartered Accountants of India and associate member of the Institute of Company Secretaries of India and the Institute of Cost and Works Accountants of India. He has over 30 years of experience in the finance functions and has expertise in the field of corporate finance.

Your Board recommends the reappointment of Mr. R.G. Chandramogan, Managing Director and Mr. P. Vaidyanathan, Non-Executive Non-Independent Director who are retiring by rotation in the ensuing Annual General Meeting.

During the year, Mr. R.G. Chandramogan was re-appointed as Managing Director of the Company for another term of five years with effect from 1st April 2019.

Mr. R.G. Chandramogan, who was the Chairman and Managing Director of the Company relinquished his position of Chairman at the Meeting of the Board held on 21st June, 2019 and continues to be the Managing Director of the Company. Mr. K.S. Thanarajan, the present Non-Executive Non-Independent Director of the Company was appointed as a regular Chairman of the Board to comply with the provisions of Regulation 17(1B) of SEBI (LODR) Regulations, 2015 as amended.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all its Independent Directors that they meet the criteria of Independence as laid down under section 149(6) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the financial year ended March 31, 2020.

Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV of the Companies Act, 2013.

BUSINESS RESPONSIBILITY REPORT

Your Company being among the top 1000 entities based on market capitalisation has to present the Business Responsibility Report as required under Regulation 34 (2) (f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Business Responsibility Report forming part of this Annual Report elaborates the principles as prescribed by SEBI vide its Circular CIR/CFD/CMD/10/2015 dated November 04, 2015.

BOARD MEETINGS HELD DURING THE FINANCIAL YEAR

During the year under review, Eight (8) Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the time period prescribed under the Companies Act, 2013.

BOARD COMMITTEES

The primary five committees of the Board are Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. Other than the above said primary committees, the Board has the following additional committees also viz., Sub-Committee, Core Committee and Rights Issue Committee. A detailed note on the committees is provided under the Corporate Governance Report forming part of this Board's Report. The composition of the Primary Committees as of 31st March 2020 (including the changes effected up to the date of this report) and their meeting dates are given below:

NAME OF THE COMMITTEE	COMPOSITION	DETAILS OF MEETINGS HELD DURING THE YEAR
Audit Committee	The composition was changed w.e.f., 01.04.2019 due to the resignation of Mr. P. Vaidyanathan as a Non-Executive Non-Independent Director and inclusion of Mr. K.S. Thanarajan, Non-Executive Non-Independent Director as a Member and now, the Committee comprises of 4 Non-Executive Independent Directors and 2 Non-Executive Non-Independent Directors. The Chairman of the Committee is an Independent Director.	Four meetings were held during the year on the following dates-- 2nd May, 2019 18th July, 2019 22nd October, 2019 21st January, 2020
Nomination and Remuneration Committee	The composition was changed w.e.f., 01.04.2019 due to the resignation of Mr. P. Vaidyanathan as a Non-Executive Non-Independent Director and inclusion of Mr. K.S. Thanarajan, Non-Executive Non-Independent Director as a Member and now, the Committee comprises of 4 Non-Executive Independent Directors and 2 Non-Executive Non-Independent Directors. The Chairman of the Committee is an Independent Director.	Two meetings were held during the year on the following dates-- 21st June, 2019 21st January, 2020
Stakeholders' Relationship Committee	The composition was changed w.e.f., 01.04.2019 due to the resignation of Mr. P. Vaidyanathan as a Non-Executive Non-Independent Director and inclusion of Mr. K.S. Thanarajan, who is a Non-Executive Non-Independent Director as a Member and now, the Committee comprises of 4 Non-Executive Independent Directors and 2 Non-Executive Non-Independent Directors. The Chairman of the Committee is an Independent Director.	Two meetings were held during the year on the following dates-- 2nd May, 2019 21st January, 2020
Corporate Social Responsibility Committee	With the induction of Mr. S. Subramanian, as an Independent Director and resignation of Mr P. Vaidyanathan as Non-Executive Non-Independent Director, the Committee comprised of four Members – One Executive Director, One Non-Executive Independent Director and Two Non-Executive Non-Independent Directors as on the date of this report. The Chairman of the Committee is an Independent Director	One meeting was held during the year on following date-- 21st January, 2020
Risk Management Committee	The Committee comprises of Three Members – Two Executive Directors and One Non-Executive Non-Independent Director as on the date of this report. The Chairman of the Committee is an Executive Director	One meeting was held during the year on following date-- 21st January, 2020

Details of recommendations of Audit Committee which were not accepted by the board along with reasons

The Audit Committee generally makes certain recommendations to the Board of Directors of the Company during their meetings held to consider any financial results (Unaudited and Audited) and such other matters placed before the Audit Committee as per the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 from time to time. During the year the Board of Directors considered all the recommendations made by the Audit Committee, and has accepted and carried out all the recommendations suggested by the Committee to its satisfaction. Hence there are no recommendations unaccepted by the Board of Directors of the Company during the year under review.

DETAILS OF POLICIES DEVELOPED BY THE COMPANY

(i) Nomination and Remuneration Policy

The Company has formulated the Nomination and Remuneration Policy in compliance with Section 178 of the Companies Act, 2013 read along with the applicable Rules thereto and Part D of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. The objective of this policy is to ensure

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance with short and long-term performance objectives appropriate to the working of the company and its goals

This policy is being governed by the Nomination and Remuneration Committee comprising of members of the Board, as stated above, comprising of four Independent Directors and two Non-Executive Non-Independent Directors. The policy lays down the standards to be followed by the Nomination and Remuneration Committee with respect to the appointment, remuneration and evaluation of Directors and Key Managerial Personnel. Salient features of the Nomination and Remuneration Policy is annexed herewith marked as Annexure A and forms part of this report. The detailed policy is hosted on the website of the Company and the web link for same is <https://www.hap.in/policies.html>.

Affirmation that the remuneration is as per the remuneration policy of the company

The Company has formulated the Nomination and Remuneration Policy in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Part D of Schedule II of Securities and Exchange Board of

India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. This policy governs the criteria for deciding the remuneration for Directors and Key Managerial Personnel. It is affirmed that the remuneration to Directors and Key Managerial Personnel is being fixed based on the criteria and parameters mentioned in the above mentioned policy of the Company.

BOARD DIVERSITY

The Company recognises and values the importance of a diverse board as part of its corporate governance and success. The Company believes that a truly diverse Board will leverage differences in ideas, knowledge, thought, perspective, experience, skill sets, age, ethnicity, religion and gender which will go a long way in retaining its competitive advantage. The Board has on the recommendation of the Nomination and Remuneration Committee, adopted a Board Diversity Policy which sets out the approach to diversity of the Board of Directors.

(ii) Corporate Social Responsibility Policy (CSR)

Your Company recognises that its business activities have wide impact on the societies in which it operates, and therefore an effective practice is required giving due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organisations.

Your Company endeavors to make CSR an important agenda and is committed to its stakeholders to conduct its business in an accountable manner that creates a sustained positive impact on society. Your Company satisfying the threshold as stipulated under Section 135 of the Companies Act, 2013 has established the CSR Committee comprising of members of the Board, as stated above, and the Chairman of the Committee is Non-Executive and Independent Director. The said Committee has formulated and approved the CSR policy for the Company with its major focus on:-

- Devising meaningful and effective strategies for carrying out CSR activities and engaging with all stakeholders towards implementation and monitoring.
- Make sustainable contributions to communities.
- Identify socio-economic opportunities to perform CSR activities.
- Focus on social welfare activities as envisaged in Schedule VII of The Companies Act, 2013.

The Policy also focuses on the constitution of CSR Committee, roles and responsibilities of CSR Committee, CSR activities to be undertaken and allocation of funds for carrying out such CSR activities, implementation and monitoring the execution of CSR activities for the Company. The CSR Committee shall recommend to the Board of Directors to implement the CSR activities covering any of the areas as detailed under Schedule VII of Companies Act, 2013. Annual Report on CSR activities as required under the provisions of Companies Act, 2013 is annexed herewith marked as Annexure B and forms part of this report.

(iii) Risk Management Policy

The Board of Directors of your Company has adopted a Risk Management Policy which details the procedures to be followed by the Company with regard to risk management. The Company has formed a Risk Management Committee comprising of three members of the Board who shall evaluate and review the risk factors associated with the operations of the Company and recommend to the Board the methods to mitigate the risk and advise from time to time various measures to minimising the risk and monitor the risk management for the Company.

The policy broadly defines the scope of the Risk Management Committee which comprises of:-

- Review and approve the Risk Management Policy and associated frameworks, processes and practices of the Company.
- Ensuring that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
- Evaluating significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner (including one-off initiatives, and ongoing activities such as business continuity planning and disaster recovery planning & testing).
- Co-coordinating its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice).
- Reporting and making regular recommendations to the Board.

(iv) Whistle-Blower Policy – Vigil Mechanism

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. A Vigil (Whistle-Blower) mechanism provides a channel to the Employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Code of Conduct or Policy. The mechanism provides for adequate safeguards against victimisation of employees and directors to avail of the mechanism and also provide for direct access to the Chairman of the Board/Chairman of the Audit Committee in exceptional cases.

In line with the statutory requirements, the Company has formulated a Whistle-Blower Policy/Vigil Mechanism, which covers malpractices and events which have taken place/suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, and other matters or activity on account of which the interest of the Company is or is likely to be affected and formally reported by Whistle-Blowers concerning its employees.

The Managing Director is responsible for the administration, interpretation, application and review of this policy.

The Managing Director is also empowered to bring about necessary changes to this Policy, if required at any stage with the concurrence of the Audit Committee. The mechanism also provides for access to the Chairman of the Audit Committee in required circumstances

(v) Dividend Distribution Policy

According to the Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended, your company falling under top 500 listed entities based on the market capitalisation (calculated as on March 31 of every financial year) has framed the Dividend Distribution Policy which is attached in this Annual Report marked as Annexure F.

EVALUATION OF BOARD, COMMITTEE AND DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, an annual performance evaluation of the performance of the Board, the Directors individually as well as the evaluation of the working of the Board Committees was carried out based on the criteria and framework adopted by the Board.

The evaluation process for measuring the performance of Executive/Non-Executive and Independent Directors is being conducted through a survey which contains a questionnaire capturing each Board and Committee Member's response to the survey which provides a comprehensive feedback to evaluate the effectiveness of the Board and its Committees as a whole and also their independent performance. The methodology adopted by each Director who responded to the survey has graded their peers against each survey item from 1 to 5 with 1 marking the lower efficiency and 5 the highest efficiency which revealed more realistic data on measuring the effectiveness of the Board dynamics, flow of information, decision making of Directors and performance of Board and Committee as a whole.

The Independent Directors evaluation is being done by the entire Board with main focus on their adherence to the Corporate Governance practices and their efficiency in monitoring the same. They are also being evaluated on various parameters viz., their performance by way of active participation in Board and Committee meetings, discussing and contributing to strategic planning, fulfillment of Independence criteria as specified under SEBI (LODR) Regulations, 2015 as amended and their independence from the Management etc., ensuring non participation of Independent Director being evaluated.

Apart from the above, the performance of Non-Independent Directors and the Board as a whole in terms of prudent business practices adopted by them towards governance of the operations of the Company, adherence to the highest standards of integrity and business ethics, exercising their responsibilities in a bona fide manner in the best interest of the Company and not allowing any extraneous consideration that shall impede their decision making authority in the best interest of the Company was also carried out to evaluate their performance.

The performance evaluation of the Non-Independent Directors was carried out by the entire Board of Directors (excluding the Director being evaluated) and they have expressed their satisfaction with the evaluation process which considered their commitment and the exercise of their responsibilities in the best interest of the Company.

The performance of the Chairman of the Company was reviewed by the Independent Directors who ensured during their review, that the Chairman conducted the Board proceedings in an unbiased manner without any conflict with his personal interest at any point of time. It was further ascertained by the Independent Directors that the Chairman allowed the Board Members to raise any concerns on any business of the Board during their Meetings and addressed them in the best interest of the Company.

As per the SEBI Circular SEBI/HO/CFD/CMD/CIR/P/2018/79 dated 10th May 2018, the followings details are being provided on Board evaluation.

Observations of board evaluation carried out for the year	There were no observations arising out of board evaluation during the year as the evaluation indicates that the Board has functioned effectively within its powers as enumerated under Companies Act, 2013 and in consonance with the Articles of Association of the Company.
Previous year's observations and action taken.	There were no observations during the previous year warranting any action.
Proposed actions based on current year observations.	As there were no observations, the action to be taken does not arise.

TRAINING AND FAMILIARISATION PROGRAM FOR INDEPENDENT DIRECTORS

Every Independent Director on being inducted into the Board attends an orientation program. To familiarise the new directors with the strategy, operations and functions of our Company, the Executive Directors/Senior Managerial Personnel make presentations to the inductees about the Company's strategy, operations, product offerings, organisation structure, human resources, technologies, facilities and risk management.

Further, at the time of appointment of Independent Directors, the Company issues a formal letter of appointment outlining his/her role, functions, duties and responsibilities as a Director. The detailed familiarisation program for Independent Directors is hosted on the website of the Company and the web link for same is <https://www.hap.in/policies.html>.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, issued by the Institute of Company Secretaries of India, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR.

Your Company has no subsidiaries, joint venture or associate companies and hence the disclosure does not arise.

AUDITORS

Statutory Auditors

At the Annual General Meeting held on 24th July 2017, M/s. Deloitte Haskin & Sells, Chartered Accountants, (Firm Registration number 117366W/W100018) were appointed as Statutory Auditors of the Company to hold office till the conclusion of Thirty Seventh Annual General Meeting of the Company to be held in the calendar year 2022. The Company has received a certificate from the Auditors to the effect they are not disqualified to continue as Auditors of the Company for the financial year 2019-20.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

The Board, in consultation with the Statutory Auditors and as per the recommendation of Audit Committee, will decide the payment of Audit Fee payable to the Statutory Auditors for all their services including audit of accounts, tax audit etc., for the financial year 2020-21 excluding out of pocket expenses.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. S. Dhanapal, Senior Partner, M/s. S. Dhanapal & Associates, a firm of Practising Company Secretaries to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the financial year 2019-2020 is annexed herewith marked as Annexure C and forms part of this report. As required by the Listing Regulations, the auditors' certificate on corporate governance is enclosed as Annexure E to the Board's report. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

Cost Auditor

Pursuant to the provisions of clause (g) of sub-section (3) of Section 141 read with sub section (3) of Section 148 of the Companies Act, 2013, the Company has appointed M/s. Ramachandran & Associates, Cost Auditors (Firm Registration No.000799) as Cost Auditor of the Company to conduct the audit of the cost accounting records maintained by the Company relating to those products as mandated by the Companies Act, 2013 and the Companies (Cost records and audit) Rules, 2014 as amended. In this regard the units manufacturing Milk Powder at Palacode, Salem and Kanchipuram have been covered under Cost Audit for the financial year 2020-21.

PARTICULARS OF EMPLOYEES AND REMUNERATION

Details as required under Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Name of the employee	Designation of the employee	Remuneration received (Amount in ₹ Per annum)	Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee	Date of commencement of employment	Age of such employee	Last employment held by such employee before joining the company	Percentage of Equity Shares held by the Employee by himself or along with his/her spouse and dependent Children, being not less than two percent of the Equity Shares of the Company	Whether any such Employee is a relative of any Director or Manager of the Company and if so, name of such Director or Manager
John Henry Neizent	Specialist - Dairy Herd Development	85,14,720	Permanent	Phd in Agronomy /Parasitology /Nutrition	19.01.2015	59	Brownes Dairy	Nil	Nil
Ratnakar P. Sundara Raj R	AVP - Sourcing & Commercial	63,81,336	Permanent	B.Com., PG.D.R.M	04.06.2010	59	Nilgiris Dairy Farms Pvt Ltd.,	Nil	Nil
Anil Kumar P A	Vice President - QA	60,47,195	Permanent	M.SC., Dairy Microbiology	25.03.2009	61	Heritage Food India Ltd.,	Nil	Nil
Prasanna Venkatesh J	AVP-Marketing & Sales	54,93,067	Permanent	B.SC., PG.D.B.A	03.08.1998	55	Henkal SPIC	Nil	Nil
Ulhas Vasant Ambre	Senior General Manager-plant	47,33,629	Permanent	IDD	02.06.2012	48	Delmote Food (UAE Fze)	Nil	Nil
Jerome J	Associate Vice President	40,67,197	Permanent	B.Sc.	05.08.2002	60	Rasna Pvt Ltd.,	Nil	Nil
Sam Joseph A	Senior General Manager-sourcing	35,72,805	Permanent	B.E	22.11.2004	46	Srinivasa Fine Arts Pvt Ltd.,	Nil	Nil
Shanmuga Priyan J	Senior General Manager - IA & Process	33,98,730	Permanent	M.COM	07.03.2001	42	First Employment in HATSUN	Nil	Nil
Shanavaz Mohammad	General Manager - DI Operation	30,05,494	Permanent	B.Tech - Dairy Technology	15.06.2016	44	Thirumala Milk Products Limited	Nil	Nil
Srinivasa Rao E	General Manager - QA	29,79,882	Permanent	B.SC Dairy Technology, Post Diploma in Dairy Technology	07.10.2017	43	Parag Milk Foods	Nil	Nil

***The Top Ten Employees do not include Executive Directors as their Remuneration details are shown separately in the Board's Report.**

- (i) Details of the employees employed throughout the year and drawing remuneration which in the aggregate is not less than Rupees One Crore and Two Lakhs per annum, during the financial year. - Nil
- (ii) Employees employed for a part of the financial year, was in receipt of remuneration for any part of that year, which, in the aggregate exceeds Rupees Eight Lakhs and Fifty Thousand per month, during the financial year. - Nil.
- (iii) None of the employees except Managing Director and Executive Director employed throughout the financial year or part thereof, hold by himself/herself or along with his/her spouse and dependent children, more than two per cent of the equity shares of the Company.

Details required as per Section 197 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

NAME OF DIRECTOR/KMP	AMOUNT OF REMUNERATION PER ANNUM (in ₹)	RATIO OF REMUNERATION TO MEDIAN REMUNERATION OF EMPLOYEES FOR THE FY	% INCREASE IN REMUNERATION DURING THE FY
Shri. R.G. Chandramogan, Managing Director	88,40,367	39.90	32.31
Shri. C. Sathyan, Executive Director	82,23,700	37.12	24.49
Shri. H. Ramachandran, Chief Financial Officer	68,52,810	30.93	16.51
Shri. G. Somasundaram, Company Secretary (appointed w.e.f 30th March 2019)	*25,67,670	11.59	-

Not comparable since the payment to Company Secretary in the last year amounted to ₹14,256 for two days only from the date of his appointment

Percentage increase in the median remuneration of employees in the financial year

The median remuneration of Employees for the Financial Year 31st March, 2020 was arrived at Rs. 18463/- per month and the median remuneration of Employees for the previous financial year 31st March, 2019 was arrived at Rs. 16,244/- per month and accordingly, there was an increase of 13.66% in the median remuneration of employees in the financial year.

Number of permanent employees on the rolls of the company as on 31.03.2020

The Number of permanent employees on the rolls of the Company as of 31st March, 2020 stood at 4864 employees.

Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

The average percentile increase was about 10.07% for all employees who went through the compensation review cycle in the year. For the managerial personnel, the compensation has increased marginally for Managing Director, Executive Director, CFO and the Company Secretary, due to annual increment based on their performance. The remuneration for the Managing Director and Executive Director is determined by the Shareholders for a defined term as stipulated under the Companies Act, 2013.

The compensation decisions are taken after considering at various levels of the benchmark data and the compensation budget approved for the financial year. The Nomination and Remuneration Committee recommends to the Board of Directors any compensation revision of the managerial personnel. In respect of Whole-time Directors the remuneration fixed for them is finally approved by the Shareholders.

Details of pecuniary relationship or transactions of the Non-Executive directors vis-à-vis the company

All the Non-Executive Directors are entitled to only Sitting fees of ₹50,000 for every board meeting they attend and Sitting fee of ₹10,000 for every committee meeting they attend as Members of respective committees pursuant to revision in the sitting fees approved by the Board at its meeting held on 27th April 2017.

Mr. P. Vaidyanathan, Non-Executive Non-Independent Director held 9,00,000 Equity shares as of 31st March 2020 in the name of P. Vaidyanathan (SHUF).

Mr. K.S. Thanarajan, Non-Executive Non-Independent Director held 5,41,766 Equity shares as of 31st March 2020.

Other than the Sitting fees, Shri. K.S. Thanarajan and Shri. D. Sathyanarayan, Non-Executive Non-Independent Directors of the Company are paid Remuneration for the services rendered by them after obtaining the approval of the Members by passing Special Resolutions through Postal Ballot dated 13.06.2019.

ADEQUACY OF INTERNAL FINANCIAL CONTROL

The term Internal Financial Controls has been defined as the policies and procedures adopted by the company to ensure orderly and efficient conduct of its business, including adherence to company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records, and the timely preparation of reliable financial information.

Your Company has adequate and robust Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit reports are submitted to the Audit Committee of the Board. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board. The Audit Committee also Conduct discussions about Internal Control System with the Internal and Statutory Auditors and the Management of the Company and satisfy themselves on the integrity of financial information and ensure that financial controls and systems of risk management are robust and defensible.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The Company has not received any complaint on sexual harassment during the financial year ended 31.03.2020.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

During the year there are no significant and/or material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAS OCCURRED SINCE 31.03.2020 TILL THE DATE OF THIS REPORT

There have been no material changes and commitments which affect the financial position of the company which have occurred between the end of the financial year i.e., from 31.03.2020 to which the financial statements relate until the date of this report.

Due to continuous lock down under Covid 19 Pandemic from 25.03.2020 the Company's Ice Cream and Long Life Product sales viz., Ghee, SMP etc., got affected. However Sale of Milk and Curd was steadily maintained during this period which ensured considerable Cash Flows in the Company. The disruption in Sale of Company's Products viz., Ice Cream and Long Life Product viz., Ghee, SMP etc will impact its Sales and Profit to some extent during the first quarter of the financial year 2020 - 2021. The loss suffered by the Company during the lock down period has affected the financial position of the Company during the quarterly period ended 31.03.2020 and also will affect the financial position of the Company in its first quarter. This trend may continue for another one or two quarters also. At this juncture, the Company is not in a position to foresee the material changes for the whole year and as and when the normalcy is restored, the Company will come out with a clear picture on its improved financial position.

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return in form MGT-9 is annexed herewith marked as Annexure D and forms part of this report. You may refer our Company's website <https://www.hap.in/annual-report.html> also.

RELATED PARTY TRANSACTIONS

As required under Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, the Company has developed a policy on dealing with Related Party Transactions and such policy is disclosed on the Company's website. The web link for the same is <https://www.hap.in/policies.html>

There were no related party transactions entered into during the financial year by the company with the Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with the interest of the company at large other than the remuneration paid to the Executive Directors and Dividend received by them from the Company in proportion to the shares held by them and transactions with HAP Sports Trust.

The details of Related Party Transactions are provided in the Notes to the Accounts and AOC-2 forming part of the Director's Report.

CORPORATE GOVERNANCE REPORT

The Company has complied with the corporate governance requirements under the Companies Act, 2013 and as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. A report on Corporate Governance including Management Discussion and Analysis report under Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with a certificate from Ms. Smita Chirimar, Partner, M/s. S Dhanapal & Associates, a firm of Practising Company Secretaries, confirming the compliance is annexed here with marked as Annexure E and forms part of this report

ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The details on Conservation of energy, technology absorption, foreign exchange earnings and outgo are annexed herewith as marked as Annexure G and forms part of this report.

DIRECTOR'S RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act, 2013, the Directors would like to state that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed.
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the annual accounts on a going concern basis.
5. The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
6. The Directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DEPOSITORY SYSTEM

As the members are aware, your Company's shares are tradable in electronic form and the Company has established connectivity with both the Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the advantages of the Depository System, the members are requested to avail of the facility of dematerialisation of the Company's shares.

INDUSTRIAL RELATIONS

Industrial relations in all the units and branches of your Company remained cordial and peaceful throughout the year.

ACKNOWLEDGEMENTS

The Directors wish to thank the business associates, customers, vendors, bankers, farmers, channel partners and investors for their continued support given by them to the Company. The Directors would also like to thank the employees for the contributions made by them at all levels.

For and On behalf of the Board of Directors

Sd/-
R.G. Chandramogan
Managing Director
DIN: 00012389

Sd/-
C. Sathyan
Executive Director
DIN: 00012439

Place: Chennai
Date: 23rd June, 2020

Annexure – A to Board's Report

NOMINATION AND REMUNERATION POLICY

Preamble

Pursuant to Section 178 of the Companies Act, 2013 and the Rules framed thereunder (as amended from time to time) (the "Act") and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (the "SEBI Listing Regulations"), the Board of Directors of every listed company is required to constitute the Nomination and Remuneration Committee.

i. Objective

In order to comply with the requirements of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations and any other applicable provisions, the Nomination and Remuneration Committee of the Board of Directors of the Company (the "Committee") had formulated this policy (the "Policy").

The key objectives of the Policy are as follows:

- a. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive/Non-Executive) and recommend to the Board of Directors of the Company (the "Board"), policies relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- b. To formulate criteria for evaluation of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- d. To retain, motivate and promote talent and to ensure long term sustain ability of talented managerial persons and create competitive advantage.
- e. To devise a Policy on Board Diversity.
- f. To develop a succession plan for the Board and to regularly review the plan.
- g. To determine whether to extend or continue the term of appointment of the Independent Director(s), on the basis of the report of performance evaluation of Independent Directors.

ii. Definitions

- a. "Act" means the Companies Act, 2013 and the Rules framed there under, as amended from time to time.
- b. "Board" means the Board of Directors of the Company.
- c. "Directors" shall mean Directors of the Company.
- d. "Key Managerial Personnel" or "KMP" means:
 - (i) the Chief Executive Officer or the managing director or the manager;
 - (ii) the Company Secretary;
 - (iii) the Whole-time Director;
 - (iv) the Chief Financial Officer;
 - (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as Key Managerial Personnel by the Board; and
 - (vi) such other officer as may be prescribed
- e. "Senior Management" shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the Chief Executive Officer/Managing Director/Whole Time Director /Manager (including Chief Executive Officer/Manager, in case they are not part of the board) and shall specifically include Company Secretary and Chief Financial Officer.
- f. "Independent Director" means a director referred to in Section 149(6) of the Act.

iii. Appointment and removal of Directors, KMPs and Senior Management

- a. Appointment criteria and qualifications:
 - i. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment.
 - ii. A person should possess adequate qualification, expertise and experience for the position he/she is cons appointment.

The Committee has the discretion to decide whether qualifications, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.

- iii. The Company shall not recommend or appoint or continue the employment of any person as the Managing Director, Whole-time director or Manager within the meaning of the Act, who has attained the age of 70 (seventy) years. Provided that the appointment of such a person who has attained the age of 70 (seventy) years shall be made with the approval of the Shareholders by passing a special resolution, based on the explanatory statement annexed to the notice for the Meeting of the Shareholders for such motion indicating the justification for appointment or extension of appointment beyond the age of 70 (seventy) years.

b. Term/Tenure:

- i. Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Executive Director for a term not exceeding 5 (five) years at a time. No re-appointment shall be made earlier than 1 (one) year before the expiry of term.

c. Independent Director:

- i. An Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.
- ii. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of 3 (three) years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of 3 (three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- iii. At the time of appointment of Independent Director(s) it should be ensured that number of Boards on which such Independent Director serves is restricted to the number as prescribed under the Act or the SEBI(LODR) Regulations, 2015 as amended from time to time.

d. Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular intervals (yearly).

The evaluation of performance of the Board, its Committees and Individual Directors to be carried out either by the Board, by the

Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

The evaluation of independent directors shall be done by the entire Board of Directors which shall include

- (a) performance of the directors; and
- (b) fulfillment of the independence criteria as specified in these regulations and their Independence from the management: Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

e. Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable law, rules and regulations, there under, the Committee may recommend, to the Board with reasons to be recorded in writing, removal of a Director, KMP or Senior Management, subject to the provisions and compliance of the said Act, such other applicable law, rules and regulations.

f. Retirement:

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

g. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management:

- i. The remuneration/compensation/commission etc. to the Whole-time Director, KMP and Senior Management will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/commission etc., to the Directors shall be subject to the prior/post approval of the Shareholders of the Company and Central Government, wherever required.
- ii. The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage/slabs/conditions laid down as per the provisions of the Act.
- iii. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director or as laid down as per the provisions of the Act.

h. Remuneration to Whole-time/Executive/Managing Director, KMP and Senior Management:

i. Fixed Pay

The Whole-time/Executive/Managing Director/KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including but not limited to, employer's contribution to Provident Fund (P.F), Superannuation Fund, Pension Scheme, medical expenses, club fees, leave travel allowance, etc. shall be decided and approved by the Board/the Person authorised by the Board on the recommendation of the Committee and approved by the Shareholders and Central Government, wherever required.

ii. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time/Executive/Managing Director in accordance with the provisions of Section 197 of the Act and Schedule V to the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

iii. Provisions for excess remuneration:

If any Whole-time/Executive Managing Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he /she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government

I. Remuneration to Executive/Independent Director:**1. Remuneration/Commission:**

The remuneration/commission shall be in accordance with the statutory provisions of the Act and the Rules made thereunder for the time being in force.

2. Sitting Fees:

The Non-Executive/Independent Director may receive remuneration by way of fees for attending meetings of the Board or Committee there of. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Act, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. Limit of Remuneration/Commission:

Remuneration/Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding the sum computed as per the applicable provisions of the Act/SEBI (LODR) Regulations, 2015 as amended from time to time.

4. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

iv. Membership:

- a. The Committee shall comprise of atleast(3) Directors, all of whom shall be Non-Executive Directors and at least half shall be Independent Directors.
- b. The Board shall reconstitute the Committee as and when required to comply with the provisions of the Act and the SEBI Listing Regulations.
- c. The quorum for the Meeting of the Nomination and Remuneration Committee shall either be two members or one third of the total strength of the Committee, whichever is higher (including at least one Independent Director in attendance).
- d. Membership of the Committee shall be disclosed in the Annual Report.
- e. Term of the Committee shall be continued unless terminated by the Board of Directors.

v. Chairperson

- a. Chairperson of the Committee shall be an Independent Director.
- b. Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- d. Chairperson of the Nomination and Remuneration Committee meeting could be present at the annual general meeting or may nominate some other member to answer the shareholders' queries.

vi. Frequency of Meetings:

The Nomination and Remuneration Committee shall meet at least once a year.

vii. Committee members' interests:

- a. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

viii. Secretary:

The Company Secretary of the Company shall act as Secretary of the Committee.

ix. Duties of the Nomination & Remuneration Committee:

Duties with respect to Nomination:

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Independent Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Determining the appropriate size, diversity and composition of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provisions of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

Duties with respect to Remuneration:

The duties of the Committee in relation to remuneration matters:

- to consider and determine the remuneration policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate considering all elements of the remuneration of the members of the Board.

- to approve the remuneration of the Senior Management including Key Managerial Personnel of the Company maintaining a balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company.
- to delegate any of its powers to one or more of its members or the Secretary of the Committee.
- to consider any other matters as may be requested by the Board.

x. Minutes of committee meeting

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

xi. Deviations from this Policy

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

xii. Amendment:

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorised by the Board of Directors in this regard). The Board of Directors or any of its authorised Committees shall have the right to withdraw and /or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board or its Committee in this respect shall be final and binding. Any subsequent amendment/modification in the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

Effective Date:

This Policy is effective from 1st April, 2019.

Annexure – B to Board's Report

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and reference to the web-link to the CSR policy and projects or programs

HAP recognises that its business activities have wide impact on the societies in which it operates, and therefore an effective practice is required giving due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organisations. HAP endeavors to make CSR an important agenda and is committed to its stakeholders to conduct its business in an accountable manner that creates a sustained positive impact on society.

The objectives of HAP's CSR policy are –

- Devise meaningful and effective strategies for carrying out CSR activities and engaging with all stakeholders towards implementation and monitoring.
- Make sustainable contributions to communities.
- Identify socio-economic opportunities to perform CSR activities.
- Focus on social welfare activities as envisaged in Schedule VII of Companies Act, 2013.
- Web Link:<https://www.hap.in/policies.html>

2. Composition of the CSR Committee:-

Mr. S. Subramanian – Non-Executive Independent Director (Chairman)

Mr. P. Vaidyanathan – Non-Executive Non-Independent Director (Member)

Mr. K.S. Thanarajan – Non-Executive Non-Independent Director (Member)

Mr. C. Sathyan – Executive Director (Member)

3. Average net profit of the Company for the last three financial years

Financial years	Net Profits (₹in Crores)
2018-2019	161.18
2017-2018	118.68
2016-2017	171.72
Average Net Profit	150.53

4. Prescribed CSR expenditure (2% of the average net profit as computed above): Rs. 3.02 Crores

5. Details of CSR spent during the FY 19-20.

PARTICULARS	(₹in Crores)
Details of CSR spent during the financial year	
Total amount to be spent for the financial year	3.02
Amount spent	6.41
Amount unspent	Nil

6. Manner in which the amount spent during the financial year is detailed below:

S.No.	CSR Project or Activity Identified	Sector in Which The Project is Covered	Project or Programs 1. Local area or other 2. Specify The State and District Where Projects or Programs were undertaken	Amount Outlay (Budget Project or Programs wise)	Amount Spent on the Projects or Programs Sub-heads: 1. Direct Expenditure on Projects or Programs 2. Overheads	Cumulative Expenditure up to the Reporting Period	Amount Spent: Direct or Through Implementing Agency (give details of implementing agency)
1.	Contribution to HAP Sports Trust	Promoting rural sports, nationally recognized sports, paralympic sports and Olympic sports Schedule VII (1) (vii)	Local Area Sivakasi, Virudhunagar District, Tamil Nadu (Local Area).	₹6,29,00,000/-	₹6,29,00,000/- (Direct Expenditure on project or program)	₹6,29,00,000/-	Through Contribution to HAP Sports Trust, a Charitable Sports Trust as approved by Shareholders through postal ballot on 6th October 2016.
2.	Eradicating Hunger, Poverty, Malnutrition, Promoting Health Care, Sanitation, provision of Safe Drinking Water, Promotion of Rural development projects, Education and protection of environment	CSR Spend towards provision of Safe drinking water to public, promotion of Rural development, Rural Education, preventive health care, sustaining the environment etc. as per Schedule VII	Local Area Districts of Kanchipuram, Ponneri Taluka for environment protection, Desur Panchayat for rural development in the District of Thiruvannamalai and Palacode for provision of safe drinking water in the district of Dharmapuri in the State of Tamil Nadu and Contribution to Cyclone Relief Fund in the State of Karnataka	₹12,40,941/-	₹12,40,941/- Direct Expenditure on projects or program	₹12,40,941/-	Directly Spent

7. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount.

Not Applicable

8. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company which is given below.

“The Company shall ensure that the implementation and monitoring of Corporate Social Responsibility Policy (CSR) is in compliance with CSR objectives and policy of the Company.”

Sd/-
R.G. Chandramogan
Managing Director
DIN: 00012389

Sd/-
S. Subramanian
Chairman of CSR Committee
DIN: 08341478

Date: 23rd June, 2020
Place: Chennai

Annexure – C to Board's Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Hatsun Agro Product Limited,
Chennai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Hatsun Agro Product Limited, (hereinafter called the company). Secretarial Audit was conducted based on records made available to us, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion/understanding thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and made available to us and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, except financial statements for the FY ended 31.03.2020, we, on strength of those records, and information so provided, hereby report that in our opinion and understandings, the Company, during the audit period covering the financial year ended on March 31, 2020, appears to have complied with the statutory provisions listed hereunder and also in our limited review, the Company has proper and required Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made herein after.

We have examined the books, papers, minutes' book, forms and returns filed and other records maintained by the Company and made available to us for the financial year ended on March 31, 2020, except financial statements for the FY ended 31.03.2020 according to the applicable provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies Act, 1956 and the rules made there under as applicable;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- vi) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable.
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT') to the extent applicable during the year:-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998;
 - vi) The management has identified and confirmed the following laws as being specifically applicable to the Company:
 - a) Food Safety And Standards Act, 2006 and the Rules made there under;
 - b) The Prevention of Food Adulteration Act, 1954 and the Rules made there under.

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2), and
- ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied except few forms filing with additional fees in accordance with the requirements to be met with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the required extent as provided in this report.

It is represented to us that the company has initiated measures, wherever required, to address issues raised by the statutory authorities and letters/notices received by the Company during the financial year under various enactments as applicable to the company.

We further report that, subject to the above, the related documents that we have come across depict that:

The Board of Directors of the Company is constituted as applicable with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision (unanimously) is carried through while the dissenting board members' (not applicable) views are captured and recorded as part of the minutes.

We further report that based on our limited review of the compliance mechanism established by the Company, there appear adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has sought the approval of its members for following main events, other than ordinary business at the AGM:

1. Appointment of Shri. P. Vaidyanathan as Non-Executive and Non-Independent Director (Special Resolution)
2. Appointment of Shri. S. Subramanian as a Non-Executive and Independent Director for the first term of 5 consecutive years (Ordinary Resolution);
3. Appointment of Dr. Chalini Madhivanan as a Non-Executive and Independent Director for a second term of 5 consecutive years (Special Resolution);
4. Appointment of Shri. Tammineedi Balaji as a Non-Executive and Independent Director for a second term of 5 consecutive years (Special Resolution);
5. To authorise the Board of Directors to borrow funds pursuant to the provisions of Section 180 (1)(C) of the Companies Act, 2013, not exceeding Rs. 1500 Crores (Special Resolution);
6. Approval for creating charge on the assets of the company to secure borrowings up to Rs1,500 Crores pursuant to section 180(1)(a) of the Companies Act, 2013 (Special Resolution);
7. Approval for revision in terms of remuneration of Mr. C. Sathyan, Executive Director of the company (Ordinary Resolution)

8. Approval for amendment to Articles of Association of the Company. (Special Resolution)
9. Ratification of Remuneration of Cost Auditors (Ordinary Resolution)
10. Payment of remuneration to Shri. K.S. Thanarajan, Non-Executive Director (Special Resolution)
11. Appointment of Shri. D. Sathyanarayan as Non-Executive Non-Independent Director (Special Resolution)
12. Payment of remuneration to Shri. D. Sathyanarayan, Non-Executive Director (Special Resolution)
13. Payment of remuneration to Shri. K.S. Thanarajan, Chairman and Non-Executive Non-Independent Director (Special Resolution)
14. Payment of remuneration to Shri. D. Sathyanarayan, Non-Executive Non-Independent Director (Special Resolution)
15. Approval for Re-Issue of Forfeited Equity Shares arising out of forfeiture of Rights Equity Shares for non-payment of First and Final Rights Call Money (Special Resolution)

We further report that during the audit period, the Company had made first and final call on the partly paid Equity Shares issued on Rights basis and had granted extension of time for receiving the call money.

We further report that our Audit was subjected only to verifying adequacy of systems and procedures that are in place for ensuring proper compliance by the Company and we are not responsible for any lapses in those compliances on the part of the Company.

Place: Chennai

Date: 23.06.2020

For S Dhanapal & Associates
(A firm of Practicing Company Secretaries)

Sd/-

S. Dhanapal

(Sr. Partner)

FCS 6881

CP No. 7028

UDIN: F006881B000368462

This Report is to be read with our testimony of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure – A

To
The Members,
Hatsun Agro Product Limited,
Chennai

Management's Responsibility

a. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

Auditor's Responsibility

b. Our responsibility was to express an opinion on the secretarial records, standards and procedures followed by the company with respect to secretarial compliances.

c. We believe that audit evidence and information obtained from company's management is adequate and appropriate for us to provide a basis for our opinion.

d. Where ever required, we have obtained Management representation about the compliance of laws, rules and regulations and happenings of events etc.

Disclaimer

e. The Secretarial Audit is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management conducted the affairs of the Company.

Place: Chennai

Date: 23.06.2020

For S Dhanapal & Associates

(A firm of Practicing Company Secretaries)

Sd/-

S. Dhanapal

(Sr. Partner)

FCS 6881

CP No. 7028

UDIN: 006881B000368462

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

In pursuance to sub clause (i) of Clause 10 of Part C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, in respect of Hatsun Agro Product Limited (CIN: L15499TN1986PLC012747), (hereinafter referred to as "Company"), we hereby certify that:

On the basis of the written representation/declaration received from the Directors of the Company and taken on record by the Board of Directors of the Company as on March 31, 2020, in our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers and considering the current COVID-19 pandemic situation, none of the directors on the board of the above said Company has been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Chennai

Date: 23.06.2020

**For M/s. S Dhanapal & Associates
(A firm of Practising Company Secretaries)**

Sd/-
S. Dhanapal
Sr. Partner
Membership F 6881
COP 7028

Annexure – D to Board's Report

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2020 of HATSUN AGRO PRODUCT LIMITED

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L15499TN1986PLC012747
 ii) Registration Date : 4th March 1986
 iii) Name of the Company : Hatsun Agro Product Limited
 iv) Category / Sub-Category of the Company : Indian Company Limited by shares/Indian Non-government Company
- v) Address of the Registered office and contact details:
 Domaine, No.1/20A, Rajiv Gandhi Salai (OMR)
 Karapakkam, Chennai – 600 097
 Email: secretarial@hap.in
 Phone No.044-24501622

- vi) Whether listed company Yes / No – YES
 vii) Name, Address and Contact details of Registrar and Transfer Agent, if any

INTEGRATED REGISTRY MANAGEMENT SERVICES PRIVATE LIMITED,
 (Formerly known as Integrated Enterprises (India) Limited)

Regd.Office:

5A, 5th Floor, Kences Towers, No.1, Ramakrishna Street
 North Usman Road, T.Nagar,
 Chennai – 600 017.

Branch Office:

30, Ramana Residency, 4th Cross,
 Sampige Road, Malleswaram
 Bangalore – 560 003.
 Tel: 091 - 080 - 23460815 – 818
 Fax: 091 - 080 - 23460819
 E-mail: irg@integratedindia.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

S.NO.	NAME AND DESCRIPTION OF MAIN PRODUCTS/ SERVICES	NIC CODE OF THE PRODUCT/ SERVICE	% TO TOTAL TURNOVER OF THE COMPANY *
1.	Milk and Milk Products	105	93.09%

* No other single product exceed 10% or more of the total turnover of the company.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The Company has no Holding, Subsidiary and Associate Companies.

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

A. PROMOTER SHAREHOLDING

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE 1ST APRIL 2019				NO. OF SHARES HELD AT THE 31ST MARCH 2020				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
A. PROMOTERS									
(1) INDIAN									
a) INDIVIDUAL / HUF	11,88,99,796	NIL	11,88,99,796	73.54	11,89,66,492	NIL	11,89,66,492	73.58	0.04
b) CENTRAL GOVT.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) STATE GOVT.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) BODIES CORP.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) BANKS/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) ANY OTHER	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUB - TOTAL (A)(1)	11,88,99,796	NIL	11,88,99,796	73.54	11,89,66,492	NIL	11,89,66,492	73.58	0.04
(2) FOREIGN									
a) INDIVIDUAL / HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) CENTRAL GOVT.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) STATE GOVT.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) BODIES CORP.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) BANKS/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) ANY OTHER	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUB - TOTAL (A)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
TOTAL SHAREHOLDING OF PROMOTER (A) = (A)(1)+(A)(2)	11,88,99,796	NIL	11,88,99,796	73.54	11,89,66,492	NIL	11,89,66,492	73.58	0.04

B. PUBLIC SHAREHOLDING

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% CHANGE DURING THE YEAR
	PHYSICAL		% OF TOTAL SHARES		PHYSICAL		% OF TOTAL SHARES		
	DEMAT	TOTAL	TOTAL	% OF TOTAL SHARES	DEMAT	TOTAL	TOTAL	% OF TOTAL SHARES	
1. Institutions									
a) Mutual Funds	63,40,743	NIL	63,40,743	3.92	95,53,534	NIL	95,53,534	5.91	1.99
b) Banks/ FI	5,366	NIL	5,366	0.00	3,693	NIL	3,693	0.00	0.00
c) Central Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIs	83,17,000	NIL	83,17,000	5.14	54,28,481	NIL	54,28,481	3.36	(1.78)
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Alternate Investments Fund	5,80,354	NIL	5,80,354	0.36	8,93,343	NIL	8,93,343	0.55	0.19
j) Others (Specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(1)	1,52,43,463	NIL	1,52,43,463	9.42	1,58,79,051	NIL	1,58,79,051	9.82	0.40
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	17,44,437	3,200	17,47,637	1.08	17,26,749	1,100	17,27,849	1.07	(0.01)
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 2 lakh	1,11,87,757	19,01,756	130,89,513	8.10	1,11,59,836	14,56,658	1,26,16,494	7.80	(0.30)
ii) Individual shareholders holding nominal share capital in excess of Rs. 2 Lakh	1,10,84,419	NIL	110,84,419	6.86	1,21,76,107	NIL	1,21,76,107	7.54	0.68
c) Others (specify)	16,13,998	NIL	16,13,998	1.00	3,12,833	NIL	3,12,833	0.19	(0.81)
Sub-total (B)(2):-	2,56,30,611	19,04,956	2,75,35,567	17.04	2,53,75,525	14,57,758	2,68,33,283	16.60	(0.44)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	408,74,074	19,04,956	4,27,79,030	26.46	4,12,54,576	14,57,758	4,27,12,334	26.42	(0.08)
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
GRAND TOTAL (A+B+C)	15,97,73,870	19,04,956	16,16,78,826	100.00	16,02,21,068	14,57,758	16,16,78,826	100.00	(0.00)

(ii) SHAREHOLDING OF PROMOTERS

S.NO	NAME OF THE SHAREHOLDER	SHAREHOLDING AS AT 1ST APRIL, 2019			SHAREHOLDING AS AT 31ST MARCH, 2020			% CHANGE IN SHARE HOLDING DURING THE YEAR
		NUMBER OF SHARES	% OF TOTAL SHARES OF THE COMPANY	% OF SHARES PLEDGED/ ENCUMBERED TO TOTAL SHARES	NUMBER OF SHARES	% OF TOTAL SHARES OF THE COMPANY	% OF SHARES PLEDGED/ ENCUMBERED TO TOTAL SHARES	
1.	Chandramogan R G	9,14,82,867	56.58	1.69	9,15,49,563	56.62	3.49	1.80
2.	Sathyan C	1,51,96,774	9.40	0.00	1,51,96,774	9.40	0.32	0.32
3.	Lalitha C	18,56,018	1.15	0.00	18,56,018	1.15	0.00	0.00
4.	Dolly Sathyan	17,75,292	1.10	0.00	17,75,292	1.10	0.00	0.00
5.	Deviga Suresh	71,27,938	4.41	0.00	71,27,938	4.41	0.00	0.00
6.	Vivin Srinesh	14,60,907	0.90	0.00	14,60,907	0.90	0.00	0.00
	Total	11,88,99,796	73.54	1.69	11,89,66,492	73.58	3.81	2.12

* The number of shares includes the partly paid rights shares allotted to them under the Rights Issue.

(iii) CHANGE IN PROMOTERS' SHAREHOLDING

S.NO	PARTICULARS	SHAREHOLDING AS AT 1ST APRIL, 2019		CUMULATIVE SHAREHOLDING DURING THE YEAR	
		NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1.	<u>CHANDRAMOGAN R.G.</u>				
	At the beginning of the year	9,14,82,867	56.58	9,14,82,867	56.58
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease				
	25th October 2019 – Open Market Purchase	NIL	NIL	3,595	0.00
	27th October 2019 – Open Market Purchase	NIL	NIL	5	0.00
	30th October 2019 – Open Market Purchase	NIL	NIL	111	0.00
	31st October 2019 – Open Market Purchase	NIL	NIL	62,985	0.04
	At the end of the year	NIL	NIL	9,15,49,563	56.62
2.	<u>Sathyan C.</u>				
	At the beginning of the year	1,51,96,774	9.40	1,51,96,774	9.40
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	1,51,96,774	9.40

S.NO	PARTICULARS	SHAREHOLDING AS AT 1ST APRIL, 2019		CUMULATIVE SHAREHOLDING DURING THE YEAR	
		NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY
3.	<u>Dolly Sathyan</u>				
	At the beginning of the year	17,75,292	1.10	17,75,292	1.10
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	17,75,292	1.10
4.	<u>Lalitha C.</u>				
	At the beginning of the year	18,56,018	1.15	18,56,018	1.15
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	18,56,018	1.15
5.	<u>Deviga Suresh</u>				
	At the beginning of the year	71,27,938	4.41	71,27,938	4.41
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	71,27,938	4.41
6.	<u>Vivin Srinesh</u>				
	At the beginning of the year	14,60,907	0.90	14,60,907	0.90
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	14,60,907	0.90

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S.NO	PARTICULARS	SHAREHOLDING AS AT 1ST APRIL 2019		DATE	INCREASE OR DECREASE	REASON	CUMULATIVE SHAREHOLDING DURING THE YEAR (1ST APRIL, 2019 TO 31ST MARCH, 2020)	
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY				NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1.	SBI Long Term Advantage Fund – Series IV	36,23,404	2.24	26-04-2019	-2,212	Sale	36,21,192	2.24
				03-05-2019	-2,225	Sale	36,18,967	2.24
				22-11-2019	6,62,440	Purchase	42,81,407	2.65
				06-12-2019	20,93,374	Purchase	63,74,781	3.94
				13-12-2019	88,174	Purchase	64,62,955	4.00
				20-12-2019	11,865	Purchase	64,74,820	4.00
				27-12-2019	1,063	Purchase	64,75,883	4.01
				31-12-2019	3,45,053	Purchase	68,20,936	4.22
				10-01-2020	9,277	Purchase	68,30,213	4.22
				31-01-2020	1,98,052	Purchase	70,28,265	4.35
				07-02-2020	35,000	Purchase	70,63,265	4.37
				06-03-2020	-15,000	Sale	70,48,265	4.36
2.	Malabar India Fund Limited	31,10,118	1.92	31-01-2020	1,88,756	Purchase	32,98,874	2.04
3.	DSP Equity Savings Fund	22,78,478	1.41	31-01-2020	1,52,060	Purchase	24,30,538	1.50
				06-03-2020	3,962	Purchase	24,34,500	1.51
				13-03-2020	7,666	Purchase	24,42,166	1.51
				20-03-2020	-1,073	Sale	24,41,093	1.51
				27-03-2020	4,524	Purchase	24,45,617	1.51
				31-03-2020	82	Purchase	24,45,699	1.51
4.	Ravi Kirti Shah	15,92,512	0.98	12-04-2019	-3,738	Sale	15,88,774	0.98
				19-04-2019	-1,203	Sale	15,87,571	0.98
				31-01-2020	50,000	Purchase	16,37,571	1.01
5.	Raju Kirti Shah	15,79,918	0.98	05-04-2019	-2,633	Sale	15,77,285	0.98
				12-04-2019	-48,482	Sale	15,28,803	0.95
				31-01-2020	50,000	Purchase	15,78,803	0.98
6.	V V V And Sons Edible Oils Ltd	13,52,420	0.84	31-01-2020	84,526	Purchase	14,36,946	0.89
				06-03-2020	51	Purchase	14,36,997	0.89
				31-03-2020	19,891	Purchase	14,56,888	0.90
7.	Malabar Select Fund	8,11,216	0.50	05-07-2019	1,48,664	Purchase	9,59,880	0.59
				12-07-2019	2,443	Purchase	9,62,323	0.60
				02-08-2019	12,557	Purchase	9,74,880	0.60
				09-08-2019	5,000	Purchase	9,79,880	0.61
				30-08-2019	10,600	Purchase	9,90,480	0.61

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S.NO	PARTICULARS	SHAREHOLDING AS AT 1ST APRIL 2019		DATE	INCREASE OR DECREASE	REASON	CUMULATIVE SHAREHOLDING DURING THE YEAR (1ST APRIL, 2019 TO 31ST MARCH, 2020)	
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY				NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
				06-09-2019	5,000	Purchase	9,95,480	0.62
				20-09-2019	1,336	Purchase	9,96,816	0.62
				27-09-2019	4,218	Purchase	10,01,034	0.62
				04-10-2019	9,446	Purchase	10,10,480	0.62
				11-10-2019	9,385	Purchase	10,19,865	0.63
				18-10-2019	13,900	Purchase	10,33,765	0.64
				25-10-2019	8,300	Purchase	10,42,065	0.64
				01-11-2019	6,000	Purchase	10,48,065	0.65
				15-11-2019	20,000	Purchase	10,68,065	0.66
				22-11-2019	50,000	Purchase	11,18,065	0.69
				29-11-2019	11,700	Purchase	11,29,765	0.70
				06-12-2019	1,10,991	Purchase	12,40,756	0.77
				13-12-2019	17,309	Purchase	12,58,065	0.78
				31-01-2020	97,620	Purchase	13,55,685	0.84
8.	K S T Madhumath	7,22,913	0.45	31-01-2020	50,793	Purchase	7,73,706	0.48
9.	Vidhya Thanarajan	6,75,810	0.42	31-01-2020	47,483	Purchase	7,23,293	0.45
10.	K S T Rajesh Sundar	5,65,210	0.35	31-01-2020	39,712	Purchase	6,04,922	0.37

(v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

S.NO	PARTICULARS	SHAREHOLDING AS AT 1ST APRIL, 2019		CUMULATIVE SHAREHOLDING DURING THE YEAR	
		NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1.	<u>Chandramogan R.G. Managing Director</u>				
	At the beginning of the year	9,14,82,867	56.58	9,14,82,867	56.58
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.,)				
	25th October 2019 – Open Market Purchase	NIL	NIL	3,595	0.00
	27th October 2019 – Open Market Purchase	NIL	NIL	5	0.00
	30th October 2019 – Open Market Purchase	NIL	NIL	111	0.00
	31st October 2019 – Open Market Purchaser	NIL	NIL	62,985	0.04
	At the end of the year	NIL	NIL	9,15,49,563	56.62
2.	<u>Sathyan C. Executive Director</u>				
	At the beginning of the year	1,51,96,774	9.40	1,51,96,774	9.40
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.,)	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	1,51,96,774	9.40
3.	<u>K.S. Thanarajan Non-Executive Director</u>				
	At the beginning of the year	5,41,766	0.33	5,41,766	0.33
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.,)	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	5,41,766	0.33
4.	<u>P. Vaidyanathan Non-Executive Director</u>				
	At the beginning of the year (held in HUF account)	9,00,000	0.55	9,00,000	0.55
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.,)	NIL	NIL	NIL	NIL
	At the end of the year (held in HUF account)	NIL	NIL	9,00,000	0.55
5.	<u>B. Thenamuthan Independent Director</u>				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.,)	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL

S.NO	PARTICULARS	SHAREHOLDING AS AT 1ST APRIL, 2019		CUMULATIVE SHAREHOLDING DURING THE YEAR	
		NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY
6.	Balaji Tammineedi Independent Director				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.,)	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL
7.	Dr. Chalini Madhivanan Independent Director				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.,)	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL
8.	Mr. S. Subramanian Independent Director				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.,)	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL
9.	Mr. D. Sathyanarayanan Non-Executive Director (w.e.f 21st June, 2019)				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.,)	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL
10.	H. Ramachandran Chief Financial Officer				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.,)	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL
11.	G. Somasundaram Company Secretary				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.,)	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL

V) INDEBTEDNESS

Indebtedness of the Company including Interest Outstanding/Accrued But Not Due For Payment

	SECURED LOANS EXCLUDING DEPOSITS (RS IN LAKHS)	UNSECURED LOANS (RS IN LAKHS)	TOTAL INDEBTEDNESS (RS IN LAKHS)
Indebtedness at the beginning of the financial year			
i) Principal Amount	86,215.52	16,575.44	102,790.96
ii) Interest due but not paid	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL
Total (i+ii+iii)	86,215.52	16,575.44	102,790.96
Change in Indebtedness during the financial year			
• Addition	3817.48	13093.56	16911.04
• Reduction	NIL	NIL	NIL
Net Change	3817.48	13093.56	16911.04
Indebtedness at the end of the financial year			
i) Principal Amount	90,033.00	29,669.00	119,702.00
ii) Interest due but not paid	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL
Total (i+ii+iii)	90,033.00	29,669.00	119,702.00

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(ALL AMOUNTS ARE IN ₹)

S.NO	PARTICULARS OF REMUNERATION	NAME OF MD/WTD/MANAGER		TOTAL AMOUNT
		SHRI. R.G. CHANDRAMOGAN MANAGING DIRECTOR	SHRI. C. SATHYAN EXECUTIVE DIRECTOR	
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	88,40,367 NIL NIL	82,23,700 NIL NIL	1,70,64,067 NIL NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission - as % of profit - others, specify...	NIL NIL	NIL NIL	NIL NIL
	TOTAL (A)	88,40,367	82,23,700	1,70,64,067

Ceiling as per the Act - INR 1575 Lakhs (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)

B. Remuneration to other Directors:

(ALL AMOUNTS ARE IN ₹)

S.NO	PARTICULARS OF REMUNERATION	NAME OF DIRECTORS								TOTAL AMOUNT
		SHRI. P.VAIDYANATHAN INDEPENDENT DIRECTOR	SHRI. THENAMUTHAN B. INDEPENDENT DIRECTOR	SHRI. BALAJI TAMMINEEDI INDEPENDENT DIRECTOR	DR.CHALINI MADHIVANAN INDEPENDENT DIRECTOR	SHRI K.S.THANARAJAN NON-EXECUTIVE DIRECTOR	SHRI. S. SUBRAMANIAN INDEPENDENT DIRECTOR	SHRI. D. SATHYANARAYANAN NON-EXECUTIVE DIRECTOR		
1	Independent Directors + Fee for attending board/committee meetings + Commission + Others, please specify	NIL NIL NIL	2,70,000 NIL NIL	3,90,000 NIL NIL	4,30,000 NIL NIL	NIL NIL NIL	3,40,000 NIL NIL	NIL NIL NIL	14,30,000	
2	Total (1)	NIL	2,70,000	3,90,000	4,30,000	NIL	3,40,000	NIL	14,30,000	
3	Other Non-Executive Directors + Fee for attending board/committee meetings + Commission + Others, please specify	4,90,000 NIL NIL	NIL NIL NIL	NIL NIL NIL	NIL NIL NIL	5,00,000 NIL 47,88,000	NIL NIL NIL	3,00,000 NIL 4,50,000	12,90,000 NIL 52,38,000	
4	Total (2)	4,90,000	NIL	NIL	NIL	52,88,000	NIL	7,50,000	65,28,000	
5	Total (B)=(1+2)	4,90,000	2,70,000	3,90,000	4,30,000	52,88,000	3,40,000	7,50,000	79,58,000	

++The above sitting fees do not include the GST.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(ALL AMOUNTS ARE IN ₹)

S.NO	PARTICULARS OF REMUNERATION	KEY MANAGEMENT PERSONNEL		
		SHRI. H. RAMACHANDRAN CFO	SHRI. G. SOMASUNDARAM COMPANY SECRETARY	TOTAL AMOUNT
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	68,52,810	25,67,670	94,20,480
		NIL	NIL	NIL
		NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission - as % of profit - others, specify...	NIL NIL	NIL NIL	NIL NIL
	TOTAL (A)	68,52,810	25,67,670	94,20,480
	Ceiling as per the Act	Not Applicable	Not Applicable	

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

TYPE	SECTION OF THE COMPANIES ACT	BRIEF DESCRIPTION	DETAILS OF PENALTY/PUNISHMENT/COMPOUNDING FEES IMPOSED	AUTHORITY [RD/NCLT /COURT]	APPEAL MADE, IF ANY
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and On behalf of the Board of Directors

Sd/-

R.G. Chandramogan

Managing Director

DIN: 00012389

Sd/-

C. Sathyan

Executive Director

DIN: 00012439

Place: Chennai

Date: 23rd June, 2020

Annexure – E to Board's Report

CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF HATSUN AGRO PRODUCT LIMITED

We have examined the compliance of conditions of Corporate Governance by M/s. Hatsun Agro Product Limited ("the Company") for the year ended 31st March, 2020 as stipulated in regulations 17 to 27 of Chapter IV and clauses (b) to (i) of Regulation 46(2) and Para C & D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementations thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance stipulated in regulations 17 to 27 of Chapter IV of Chapter IV and clauses (b) to (i) of Regulation 46(2) and Para C & D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations") for the period from 1st April, 2019 to 31st March, 2020.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company

FOR S. DHANAPAL & ASSOCIATES
A FIRM OF PRACTISING COMPANY SECRETARIES

Sd/-
SMITA CHIRIMAR
PARTNER
MEMBERSHIP NO: F8137
CP NO: 9357

Place: Chennai
Date: 23.06.2020

Annexure – F to Board's Report

DIVIDEND DISTRIBUTION POLICY

1. Objective

This Dividend Distribution Policy (Here in after referred to as "DDP" or "Policy") is being formulated to strike right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. Our Board of Directors at the time of taking decision towards declaration or recommendation of Interim or Final Dividend from time to time shall consider the parameters laid down under this policy.

2. Philosophy

The DDP is driven by the philosophy to maximise the shareholders' wealth and shareholder value in the Company through various means. By virtue of this Policy, the Company would give priority to utilise its profits towards working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for inorganic growth opportunities and thereafter distribute the surplus profits in the form of dividend to the shareholders.

3. Regulatory Frame work

The Securities and Exchange Board of India ("SEBI") on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 whereby Regulation 43A has been inserted after Regulation 43 in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top five hundred listed companies (based on market capitalisation of every financial year) to formulate a Dividend Distribution Policy.

Hatsun Agro Product Limited being one of the top five hundred listed companies as per the market capitalisation as on the last day of the immediately preceding financial year, (31.03.2016) frame this policy to comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4. Definitions

4.1. Unless repugnant to the context:

4.1.3 "Act" shall mean the Companies Act, 2013 including the Rules made there under, as amended from time to time.

4.1.3 "Applicable Laws" shall mean the Companies Act, 2013 and Rules made there under, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations which provide for declaration and distribution of Dividend.

4.1.4 "Company" or "HAP" shall mean Hatsun Agro Product Limited.

4.1.5 "Chairman" shall mean the Chairman of the Board of Directors of the Company.

4.1.6 "Compliance Officer" shall mean the Compliance Officer of the Company appointed by the Board of Directors pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4.1.7 "Board" or "Board of Directors" shall mean Board of Directors of the Company.

4.1.8 "Dividend" shall mean Dividend as defined under Companies Act, 2013.

4.1.9 "MD & CEO" shall mean Managing Director of the Company.

4.1.10 "Policy or this Policy" shall mean the Dividend Distribution Policy.

4.1.11 "SEBI Regulations" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued there under, including any statutory modification(s) or re-enactment(s) there of for the time being in force.

4.2. Interpretation

4.2. 1 In this Policy, unless the contrary intention appears:

- a. the clause headings are for ease of reference only and shall not be relevant to interpretation;
- b. a reference to a clause number includes a reference to its sub-clauses;
- c. words in singular number include the plural and vice versa;
- d. words and expressions used and not defined in this Policy but defined in Companies Act, 2013 or rules made there under or Securities and Exchange Board of India Act, 1992 or regulations made there under or Depositories Act, 1996 shall have the meanings respectively assigned to them in those Acts, Rules and Regulations.

5. Parameters for declaration of Dividend

5.1 In line with the philosophy stated above in Clause 2, the Board of Directors of the Company, shall consider the following parameters for declaration of Dividend:

5.11 Financial Parameters/Internal Factors:

The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

- a. Net operating profit after tax;
- b. Working capital requirements;

- c. Capital expenditure requirements;
- d. Fund acquisitions and/or new businesses
- e. Cash flow required to meet contingencies;
- f. Out standing borrowings;
- g. Past Dividend Trends

5.12 External Factors:

The Board of Directors of the Company would consider the following external factors before declaring or recommending dividend to shareholders:

- a. Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws;
- b. Dividend pay-out ratios of companies in the same industry.

5.2 Circumstances under which the shareholders may or may not expect Dividend:

The shareholders of the Company may not expect Dividend under the following circumstances:

- a. Whenever a significant expansion project requiring higher allocation of capital is envisaged by the Company;
- b. When higher working capital requirements adversely impact free cash flow;
- c. When any acquisitions or joint ventures requiring significant allocation of capital is envisaged by the Company;
- d. Whenever Company proposes to utilise surplus cash for buy-back of securities; or
- e. In the event of inadequacy of profits or whenever the Company has incurred losses.

5.3 Utilisation of retained earnings:

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy and applicable law

5.4 Parameters adopted with regard to various classes of shares:

- i. Presently, the Authorised Share Capital of the Company is divided into equity shares of Re. 1 each and Preference shares of Rs. 100 each. At present, the issued and paid-up share capital of the Company comprises only equity shares.
- ii. The Company shall first declare dividend on outstanding preference shares, if any, at the rate of dividend fixed at the time of issue of preference shares and there after, the dividend would be declared on equity shares.
- iii. As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

6. Procedure

- a. The Chief Financial Officer in consultation with the MD of the Company shall recommend any amount to be declared/ recommended as Dividend to the Board of Directors of the Company.
- b. The agenda of the Board of Directors where Dividend declaration or recommendation is proposed shall contain the rationale of the proposal.
- c. Pursuant to the provisions of applicable laws and this Policy, interim Dividend approved by the Board of Directors will be confirmed by the shareholders and final Dividend, if any, recommended by the Board of Directors, will be subject to shareholders' approval, at the ensuing Annual General Meeting of the Company.
- d. The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company.

7. Disclosure:

The Company shall make appropriate disclosures as required under the SEBI Regulations.

8. General

- a. This Policy would be subject to revisions/amendments in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities and Exchange Board of India or such other regulatory authority as may be authorised, from time to time, on the subject matter.
- b. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
- c. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions here under and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Annexure – G to Board's Report

FORM-A-DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

1. POWER & FUEL CONSUMPTION

ELECTRICITY CONSUMPTION:	2019-2020	2018-2019
a) Purchased		
Units	90,209,232	105,711,856
Total Amount (₹)	768,274,815	814,411,768
Rate/Unit (₹)	8.52	7.70
b) Through Diesel Generation		
Quantity of Diesel consumed (Litres)	1,543,561	1,396,736
Units	4,616,888	3,860,957
Total Amount (₹)	107,754,441	99,456,242
Cost per Unit (₹)	23.34	25.76
Units per Litre of Diesel Oil	2.99	2.76

2. FIREWOOD

Firewood Consumption	2019-2020	2018-2019
Quantity in Kg.	20,100,221	22,318,433
Total Amount (₹)	78,447,497	82,480,040
Average Rate (₹/KG)	3.90	3.70

3. COAL

Coal Consumption	2019-2020	2018-2019
Quantity in Kg.	19,306,213	20,379,724
Total Amount (₹)	117,973,638	140,992,843
Average Rate (₹/KG)	6.11	6.92

4. FURNACE OIL CONSUMPTION

Coal Consumption	2019-2020	2018-2019
Quantity in KL	41,290	11,163
Total Amount (₹)	1,507,808	300,138
Average Rate (₹/KL)	36.52	26.89

5. CONSUMPTION PER UNIT OF PRODUCTS i.e. PER LITRE OF MILK

Milk & Milk Products

PERIOD	UoM	UNITS IN LAKHS	PROCESSED QTY IN LAKHS	UNIT/LITRE
2017-18	KwH	685	11373	0.060
2018-19	KwH	806	12596	0.064
2019-20	KwH	846	12754	0.066

RESEARCH AND DEVELOPMENT

1. Specific Areas in which R & D is being carried out by the Company

a) Process Development

- (i) Somatic Cell Counter Test is conducted to detect animal udder health.
 - (ii) Ensuring accurate and credible testing of Fat/SNF content in the Milk being supplied by way of installation of Eco Milk Analyzers at various chilling/collection centres.
 - (iii) To improve the quality of Ice Creams, IQF has been installed for quick hardening of Ice Creams.
 - (iv) For Ice Cream Stick Bars and Cakes, world class fruit preparations, fruit toppings, chocolate toppings and in-house chocolate coatings recipes have been developed.
 - (v) New recipes of International Standards for ice creams, sorbets, yoghurt ice creams and extruded ice cream products are under process.
- (b) Ongoing process of Product Diversification
- (c) Constantly upgrading/enhancing Quality of Products to be on a par with International Standards.
- (d) Food Safety Assurance: New instruments like 1) ICP-OES Cost (Inductively Coupled Plasma – Optical Emission Spectros copy) being used for detecting trace metals with a focus on heavy metals, the control of which will go a long way in assuring safety of milk & milk Products 2) Similarly, for detecting traces of major Pesticides and Other harmful volatile Chemicals in Milk, Milk Products, Water etc., Gas Chromatography is being used. 3) UV Carry-60 Spectrophotometer for detection of metals, amino-acids, vitamins etc., UV Carry-60 Spectrophotometer is being used which help in improving the nutritive value of milk & milk products.

Expenditure incurred on R&D are merged with appropriate expenditure/capital accounts and not shown separately. Please refer to the note given below on R&D Expenditure.

2. Benefits derived

Continuous upgradation of the quality of products has resulted in better acceptance of the products by all classes of consumers.

3. Future plan of action

More importance will be given on product/process development/innovation, to bring down cost without

compromising on product quality and to achieve international standards in quality and taste.

4. Expenditure on R & D*

(a) Capital	: Nil
(b) Recurring	: Nil
(c) Total	: Nil
(d) Total R & D Expenditure as a percentage of Total Turnover	: Nil

* The expenditures incurred on R&D are merged with the appropriate expenditure/capital accounts.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts Made

The Company has undertaken efforts to absorb the best available technology for processing of milk and manufacturing milk related products like replacement of existing reciprocating compressor with scroll compressor in the refrigeration unit of our Bulk Coolers, VFD installation for scroll compressor and also energy purchase from Windmill.

2. Benefits

Absorption of the best technology reflects in the Company's products, which are clearly differentiated from its competitors and its processes that consistently deliver more with less expenditure. Due to the measures taken above, there were considerable improvement in compressor efficiency coupled with reduction in power consumption and power cost.

FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lakhs)

S.No.	Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
1.	Foreign exchange earnings	506.42	2706.10
2.	CIF Value of Imports	7529.99	8019
3.	Expenditure in foreign currency	46.93	356.00
4.	Dividend paid in foreign currency	NIL	NIL

For and On behalf of the Board of Directors

Sd/-
R.G. Chandramogan
Managing Director
DIN: 00012389

Sd/-
C. Sathyan
Executive Director
DIN: 00012439

Place: Chennai
Date: 23rd June, 2020

Annexure – H to Board's Report

AOC 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered in during the year ended 31st March 2020, which were not at arm's length basis.

Details of material contracts or arrangement or transactions at arm's length basis-

No material transaction

For and On behalf of the Board of Directors

Sd/-
R.G. Chandramogan
Managing Director
DIN: 00012389

Sd/-
C. Sathyan
Executive Director
DIN: 00012439

Place: Chennai
Date: 23rd June, 2020

REPORT ON CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company has a fair, transparent and ethical governance practices and is committed to the best practices in Corporate Governance. It believes that good Corporate Governance is essential for achieving long-term corporate goals and to enhance stakeholders' value. In this pursuit, the Company's Corporate Governance philosophy is to ensure fairness, transparency and integrity of the management, in order to protect the interests of all its stake holders.

Your Company's success is grounded in its best value system. The Management and all the employees of the Company viz., the Board of Directors, Senior Management and all the employees commit themselves to serve to the best interests of the Investors and all the Stakeholders- individually and as a team. Your Board of Directors perceive their role as trustees to the stakeholders in particular and the society at large.

Strong leadership and effective corporate governance practices have been the Company's hall mark. The Company has adopted a Code of Conduct for its employees including the Managing Director and the Executive Director as well as for its Non-Executive Directors.

Your Company will continue to focus on its resources, strengths and strategies to achieve its vision of brand building, maximising stakeholders' return and developing people to deliver the same, while upholding the core values of excellence, integrity, responsibility, unity and understanding, which are fundamental to the running of the Company's business.

The Governance Guidelines cover aspects related to composition and role of the Board, Chairman and Directors, Board Diversity, definition of independence, Committees of the Board and all the aspects required to be covered as per the guidelines.

These codes are available on the Company's website. Your Company keeps its corporate governance policies under constant review to conform, where applicable, with best practices and principles. Your Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

II. BOARD OF DIRECTORS

- As on 31st March, 2020, the Company had nine Directors with four Non-Executive Independent Directors – one among them was an Independent Woman Director-and three Non-Executive Non-Independent Directors and two Executive Directors. The Chairman of the Company is a Non-Executive Non-Independent Director. The composition of the Board is in conformity with Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.
- Mr. R.G. Chandramogan, Managing Director and Mr. C. Sathyan, Executive Director are relatives in terms of Section 2(77) of the Companies Act, 2013 read with the relevant Rules made thereunder. None of the other Directors are related to each other.
- None of the Directors hold directorship in more than 8 listed entities. None of the Independent Directors hold Independent Directorship in more than 7 listed entities. Whole-time Directors i.e., the Managing Director and Executive Director do not hold directorship in any other listed entities. None of the Directors on the Board are Members in more than 10 committees or act as Chairman of more than five committees across all Companies in which he / she is a Director. The Directors have disclosed to the Company about the committee positions they occupy in other Companies and notify changes as and when they take place.
- The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/ Memberships held by them in other Companies are given below. Chairmanships/Memberships of Board Committees include only Audit and Stakeholders' Relationship Committee (formerly known as Shareholders'/Investors' Grievance Committees since merged).

TABLE I: COMPOSITION OF BOARD OF DIRECTORS AS ON 31.03.2020

NAME AND DESIGNATION OF THE DIRECTOR	CATEGORY	NUMBER OF BOARD MEETINGS DURING 2019-20		WHETHER ATTENDED LAST AGM	NO. OF DIRECTORSHIPS IN OTHER COMPANIES		NO. OF COMMITTEE POSITIONS HELD IN OTHER PUBLIC COMPANIES	
		HELD	ATTENDED		YES/NO	CHAIRMAN	MEMBER	CHAIRMAN
R.G. CHANDRAMOGAN (MANAGING DIRECTOR)	Promoter-Executive Director	8	8	Yes	Nil	Nil	Nil	Nil
C. SATHYAN (EXECUTIVE DIRECTOR)	Promoter-Executive Director	8	8	Yes	Nil	Nil	Nil	Nil
*K.S. THANARAJAN (CHAIRMAN AND NON-EXECUTIVE DIRECTOR)	Non-Executive & Non-Independent Director	8	8	Yes	Nil	Nil	Nil	Nil
**P. VAIDYANATHAN (NON-EXECUTIVE DIRECTOR)	Non-Executive & Non-Independent Director	8	8	Yes	Nil	5	Nil	Nil
BALASUBRAMANIAN THENAMUTHAN (DIRECTOR)	Non-Executive & Independent Director	8	4	Yes	Nil	1	Nil	Nil
TAMMINEEDI BALAJI (DIRECTOR)	Non-Executive & Independent Director	8	6	Yes	Nil	Nil	Nil	Nil
***S. SUBRAMANIAN (DIRECTOR)	Non-Executive & Independent Director	8	5	Yes	Nil	Nil	Nil	Nil
CHALINI MADHIVANAN (WOMAN DIRECTOR)	Non-Executive & Independent Director	8	7	Yes	Nil	1	Nil	Nil
****Mr. D. SATHYA NARAYAN (NON-EXECUTIVE DIRECTOR)	Non-Executive & Non-Independent Director	8	6	Yes	Nil	Nil	Nil	Nil

*Mr. K.S. Thanarajan was appointed as regular Chairman of the Board at the Board Meeting held on 21-Jun-19 upon relinquishment of the position of Chairmanship by Mr. R.G. Chandramogan who continues to hold the position of Managing Director.

** As per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr P. Vaidyanathan completed his first term of Five years as Independent Director on 31-Mar-19. With effect from 01-Apr-19, he was initially appointed on the Board as an Additional Director in the capacity of Non-Executive Non-Independent Director and subsequently appointed as Director in the capacity of Non-Executive Non-Independent Director with effect from 13-Jun-19 by the members of the Company. He holds the position of Director in the capacity of Non-Executive Non-Independent Director in a Listed Company viz., Polyspin Exports Limited.

***Mr. S. Subramanian was appointed to the Board with effect from 24th January 2019 as an Additional Director in the capacity of Non-Executive Independent Director and subsequently appointed as Director in the capacity of Non-Executive Independent Director with effect from 13-Jun-19 by the members of the Company.

****Mr. D. Sathyanarayan was appointed to the Board with effect from 21st June 2019 as an Additional Director in the capacity of Non-Executive Non-Independent Director and subsequently appointed as Director in the capacity of Non-Executive Non-Independent Director vide the special resolution passed at the previous Annual General Meeting of the shareholders held on 30th August, 2019.

LIST OF CORE SKILLS/EXPERTISE/COMPETENCIES

The Board identifies the following skills/expertise/competencies for conducting the affairs of the business of the Company in an effective, sustainable and socially responsible manner:

- i) Knowledge of Dairy Industry, its Operations, Products,
- ii) Knowledge of customs and practices in the rural areas, animal husbandry, techniques to interact with the rural mass and procure the milk;
- iii) Knowledge of technological development and implementation of the same in the dairy industry for the effective running of business; Financial, Accounting and Legal knowledge and acumen to run the business to the expectation of the Stakeholders;
- iv) Ability to closely follow the competitive business environment and implementation of strategies for the beneficial performance;
- v) Knowledge of inducting the required human resource, motivating them for the ultimate business objective etc.,
- vi) Compliance with the requirement of various Statutes.

The Board believes that the present composition of Board of Directors is well diversified. The Executive Directors on the Board

of the Company have decade long experience in the Dairy business and are effective in implementation of various strategies and running the business successfully consistently. Similarly, the Non-Executive Directors are Professionals in their respective areas like finance, business, Statutory Compliances etc., and are experienced in various fields including the dairy industry and contribute their knowledge for the effective running of the business of the Company.

5. The Board has met 8 (eight) times during the year and the gap between two meetings did not exceed 120 Days. The said Meetings were held on 2nd May 2019, 21st June 2019, 18th July 2019, 30th August 2019, 22nd October 2019, 18th December 2019, 21st January 2020 and 9th March 2020. The necessary quorum was present for all the meetings.

None of the Non-Executive Directors has any material pecuniary relationship or transactions with the Company.

Shri C. Sathyan, Executive Director is the son of Shri R.G. Chandramogan, the Managing Director of the Company and they are related to each other. Except the relationship between the Managing Director and the Executive Director, none of the other Directors do have any relationship inter-se.

SUCCESSION PLANNING

The Nomination and Remuneration committee evaluates and recommends to the Board on the leadership succession plan to ensure orderly succession in appointments to the Board and to the Senior Management. The Company focuses on maintaining the required skills and experience for smooth functioning of the business by identifying the talent within the organisation and determine the eligible persons for succession to the Senior level. By integrating workforce planning with strategic business planning, the Company puts the necessary financial and human resources in place so that its objectives can be met. Our Board has eight directors with broad and diverse skills and viewpoints to aid the Company in advancing its strategy. In addition, promoting senior management within the organisation fuels the ambitions of the talent force to earn future leadership roles.

6. The minimum information as required under Part A of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended is made available to the Board.

The Board has established procedures to enable the Board to periodically review compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, if any.

Equity Shares Held By Non-Executive Directors

Mr. P. Vaidyanathan as Karta of P. Vaidyanathan (HUF) holds 9,00,000 Equity Shares of the Company. Mr. K.S. Thanarajan holds 5,41,766 equity shares of the Company. None of the other Non-Executive Directors hold shares in the Company as on 31st March, 2020.

Risk Management

The Company has established robust risk assessment and minimisation procedures, which are reviewed by the Board periodically. The Company has a structure in place to identify and mitigate various risks that would be faced by it from time to time. The risks are reviewed periodically, new risks if any, are identified, assessed, and control measures are designed to put in place fixed timeline for mitigating the risk. The Company has set up a Risk Management Committee to review the risks and provide measures to control the same.

III. AUDIT COMMITTEE

The Audit Committee plays an important role in overseeing the internal control and the financial reporting system of the Company. The Company has an independent audit committee constituted in line with the provisions of Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended read with Section 177 of the Companies Act, 2013.

With the re-constitution, the Audit Committee, now comprises of Six Members – four Non-Executive Independent and two Non-Executive Non-Independent Directors.

The Audit Committee at present comprises of Mr. S. Subramanian (Chairman), Mr. P. Vaidyanathan, Mr. Tammineedi Balaji, Mr. Balasubramanian Thenamuthan, Mr. K.S. Thanarajan and Dr. Chalini Madhivanan as its Members. All the members of the Committee have excellent financial and accounting knowledge. The Company Secretary acts as the Secretary of the Committee.

The Committee met 4 (four) times during the year on 2nd May 2019, 18th July 2019, 22nd October 2019 and 21st January 2020. The time gap between any two meetings was less than four months. Necessary quorum was present for all the meetings.

NAME OF THE DIRECTOR	CATEGORY	STATUS	NO. OF MEETINGS	
			HELD	ATTENDED
S. Subramanian*	Independent	Chairman	4	4
P. Vaidyanathan**	Non-Executive Non-Independent	Member	4	4
Balasubramanian Thenamuthan	Independent	Member	4	3
Tammineedi Balaji	Independent	Member	4	4
Chalini Madhivanan	Independent	Member	4	4
K.S. Thanarajan***	Non-Executive Non-Independent	Member	4	4

* With effect from 01.04.2019, Mr. S. Subramanian was appointed as Chairman of the Audit Committee.

** Up to 31.03.2019, Mr. P. Vaidyanathan was the Chairman of the Audit Committee.

***Mr. K.S. Thanarajan was appointed as a Member of the Audit Committee w.e.f., 01.04.2019.

The functions of the Audit Committee include the following:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134 of the Companies Act, 2013.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by the management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Modified Opinion if any in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, the statement of uses/ application of funds, raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for the purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Review and monitor of auditor's independence and performance and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with the related parties, if any
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.

- Evaluation of internal financial controls and risk management systems.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors on any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Whistle-Blower mechanism.
- Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- The appointment, removal and terms of remuneration of the Chief Internal Auditors shall be subject to review by the Audit Committee
- Statement of deviations if any.
- Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
- Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).
- Total fees for all services paid by the Company on a consolidated basis to the Statutory Auditors and all entities in the network firm/network entity of which the Statutory Auditor is a part

IV. NOMINATION AND REMUNERATION COMMITTEE (FORMERLY KNOWN AS REMUNERATION COMMITTEE)

At present, the Nomination and Remuneration Committee comprises of Six Members - four Non-Executive Independent Directors and two Non-Executive Non-Independent Directors.

The Chairman of the Committee is an Independent Director. The said committee comprises of Mr. S. Subramanian (Chairman), Mr. P. Vaidyanathan Mr. Balasubramanian Thenamuthan, Mr. Tammineedi Balaji, Dr. Chalini Madhivanan, and Mr. K.S. Thanarajan. The Company Secretary acts as the Secretary of the Committee.

The role of Nomination and Remuneration Committee is

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (2) formulation of criteria for evaluation of performance of independent directors and the board of directors taking in to consideration, the Attendance, active participation in discussion, pointing out deviations on Compliances if any etc.,
- (3) devising a policy on diversity of board of directors;
- (4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- (5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- (6) recommend to the board, all remuneration, in whatever form, payable to senior management.

The Committee has met 2 (two) times during the financial year on 21st June 2019 and 21st January 2020.

The Audit Committee is empowered to

- Investigate any activity within its terms of reference.
- Seek information from any employee.
- Obtain outside legal or other professional advice.
- Secure attendance of outsiders with relevant expertise, if it considers necessary.

The Company has systems in place to ensure that the Audit Committee reviews:

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the audit committee), submitted by the management.
- Management letters/letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.

NAME OF THE DIRECTOR	CATEGORY	STATUS	NO. OF MEETINGS	
			HELD	ATTENDED
S. Subramanian*	Independent	Chairman	2	1
P. Vaidyanathan**	Non-Executive Non-Independent	Member	2	2
Balasubramanian Thenamuthan	Independent	Member	2	1
Tammineedi Balaji	Independent	Member	2	2
K.S. Thanarajan	Non-Executive Non-Independent	Member	2	2
Chalini Madhivanan	Independent	Member	2	1

* With effect from 01.04.2019, Mr. S. Subramanian, Member was appointed as Chairman of the Nomination and Remuneration Committee.

** Up to 31.03.2019, Mr. P. Vaidyanathan was the Chairman of the Nomination and Remuneration Committee.

NAME & DESIGNATION OF THE EXECUTIVE DIRECTOR	SALARY & ALLOWANCES (₹)	CONTRIBUTION TO PF & OTHER FUNDS(RS)	OTHER PERQUISITES OR BENEFITS INCLUDING MEDICAL EXPENSES REIMBURSED AND CAR FACILITY PROVIDED (₹)	TOTAL
R.G. Chandramogan Managing Director	86,29,167	21,600	1,89,600	88,40,367
C. Sathyan Executive Director	80,12,500	21,600	1,89,600	82,23,700

Note:

- All the Executive Directors are covered under the Company's Leave Encashment Policy and Group Gratuity Scheme along with other employees of the Company. Contribution to Gratuity Scheme is based on the actuarial valuation made on an overall Company basis and hence individual figures for the directors are not available.
- The Remuneration of Managerial Personnel as mentioned above is being summarised under three major groups viz., Salary and Allowances, Contribution to PF and other funds and other perquisites and benefits. No Commission on the Profits of the Company is payable to the above said Managerial Personnel.
- The Remuneration of Managerial Personnel as mentioned above are fixed components which is in accordance with the approval of the Shareholders obtained during their appointments. There is no performance linked incentives given to the above said Managerial Personnel.

- Mr. R.G. Chandramogan, Managing Director and Mr. C. Sathyan, Executive Director hold office for a period of 5 years from their respective date/s of appointment as per the resolutions passed by the Shareholders and their appointment/s shall be renewed in accordance with the provisions of Companies Act, 2013. Notice period of 3 months has been mentioned in their appointment terms and if at all there is a severance, no severance fee is payable to them by the Company.
- None of the above Managerial Personnel are entitled to any Stock options.

Compensation Philosophy in respect of compensation to Non-Executive Directors

The objective of the Compensation Philosophy is to attract and retain high caliber individuals and motivate them towards the achievement of exceptional performance that enhances the value of the Company.

At present a sitting fee of Rs. 50,000/- (Rupees Fifty Thousand only) is being paid to each Non-Executive Directors for attending a Board meeting. Also, a sitting fee of Rs. 10,000/- (Rupees Ten Thousand Only) is being paid to attend a Board Committee meeting pursuant to revision in the sitting fees approved by the Board at its meeting held on 27th April 2017.

Other than the Sitting Fee, Mr. K.S. Thanarajan, Non-Executive chairman of the Company is entitled to a monthly remuneration of Rs. 6,84,000 from 01st September 2019 till 31st March 2020 which was approved by the Shareholders of the Company by way of passing a Special Resolution at the AGM of the Company held on 30th August 2019.

Mr. D. Sathyanarayan, Non-Executive Non-Independent Director of the Company is entitled to a monthly Remuneration of Rs. 50,000/- from 01st September 2019 till 31st March 2020 approved by the Shareholders of the Company as a Special Resolution at its AGM held on 30th August 2019.

Besides the above, in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, for the Financial year 2020 – 2021 i.e., for the period from 01.04.2020 to 31.03.2021, the approval of the Members for continuing to make the payment of Remuneration as said above has been obtained on 07.03.2020 through Postal Ballot.

Please refer to the Company's website <https://www.hap.in/policies.html> for details as to Criteria for making payment of Sitting Fee to Non-Executive Directors.

TABLE 5: SITTING FEE PAID TO NON-EXECUTIVE DIRECTORS

NAME OF THE DIRECTOR	BOARD MEETING	AUDIT COMMITTEE	STAKE HOLDER RELATIONSHIP COMMITTEE	NOMINATION & REMUNERATION COMMITTEE	CSR COMMITTEE	INDEPENDENT DIRECTORS MEETING	RISK MANAGEMENT COMMITTEE	TOTAL
P. Vaidyanathan	4,00,000	40,000	20,000	20,000	10,000	-	-	4,90,000
Balasubramanian Thenamuthan	2,00,000	30,000	20,000	10,000	-	10,000	-	2,70,000
Tammineedi Balaji	3,00,000	40,000	20,000	20,000	-	10,000	-	3,90,000
Chalini Madhivanan	3,50,000	40,000	20,000	10,000	-	10,000	-	4,30,000
K.S. Thanarajan	4,00,000	40,000	20,000	20,000	10,000	-	10,000	5,00,000
S. Subramanian	2,50,000	40,000	20,000	10,000	10,000	10,000	-	3,40,000
D. Sathyanarayan	3,00,000	-	-	-	-	-	-	3,00,000
TOTAL	22,00,000	2,30,000	1,20,000	90,000	30,000	40,000	10,000	27,20,000

There is NO pecuniary relationship/transaction that has taken place between the Company and the Non-Executive Directors during the financial year 2019-20.

POLICY ON SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his/her appointment, as per Company's Policy.
- The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the position.
- The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years, provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

REMUNERATION:-

- Remuneration to Managing Director/Whole-time Directors:
 - The Remuneration/Commission etc. to be paid to Managing Director/Whole-time Directors, etc. shall be governed as per the provisions of the Companies Act, 2013 and rules made there under and SEBI (LODR) Regulations, 2015 as amended or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
 - The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director/Whole-time Directors.
- Remuneration to Non-Executive/Independent Directors:

- The Non-Executive/Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 as amended. The amount of sitting fees shall be an amount as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- All the remuneration of the Non-Executive/Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/limits as provided under Companies Act, 2013 and rules made there under and SEBI (LODR) Regulations, 2015 as amended or any other enactment for the time being in force. The amount of such remuneration shall be an amount as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- Any remuneration paid to Non-Executive/Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
 - The Services are rendered by such Director in his capacity as a professional; and
 - In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

Remuneration Policy of the Company is attached with Board's Report and the same can be referred.

BOARD CONFIRMATION ON THE INDEPENDENCE OF INDEPENDENT DIRECTORS:

The Board of Directors of the Company do hereby confirm that, in the opinion of the Board, the Independent Directors of the Company fulfil the conditions specified under SEBI (LODR) Regulations, 2015 as amended and they are independent of the Management.

V. STAKEHOLDERS' RELATIONSHIP COMMITTEE (FORMERLY KNOWN AS SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE)

The Company has a Stakeholders Relationship Committee (formerly known as Shareholders'/Investors' Grievance Committee) of the Board of Directors to look into the redressal of complaints of shareholders'/investors' such as transfer or credit of shares, non-receipt of dividend/notices/annual reports, review of, effective exercise of voting rights by Members, adherence to service standards fixed by the Company by the RTAs, initiatives taken by the Company for timely receipt of dividend, annual reports, reduction in unclaimed dividend etc.,

At present, the Stakeholders' Relationship Committee comprises of Six Members - four Non-Executive Independent Directors and two Non-Executive Non-Independent Directors.

During the year, two meetings of the Committee were held on 2nd May 2019 and 21st January 2020.

NAME OF THE DIRECTOR	CATEGORY	STATUS	NO. OF MEETINGS	
			HELD	ATTENDED
P. Vaidyanathan	Non Executive	Member	2	2
B. Thenamuthan	Independent	Member	2	2
Tammineedi Balaji	Independent	Member	2	2
Chalini Madhivanan	Independent	Member	2	2
K.S. Thanarajan	Non Executive	Member	2	2
S. Subramanian	Independent	Chairman	2	2

The Committee supervises the mechanism for redressal of shareholders'/investors' grievances and ensures cordial investor relations. The Committee takes care of the following matters:

- Transmission/Split/Sub-division/Consolidation of shares.
- Issue of duplicate share certificates.
- Registration of Power of Attorneys, Probate Letters of transmission or similar other documents.
- Scrutiny of the performance of the Registrar & Share Transfer Agent and recommending measures for overall improvement of the quality of service.

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company
- Any allied matter(s) out of and incidental to these functions and not herein above specifically provided for.

Details of Complaints received in SCORES during the year

Number of complaints received from investors	- 1 (One)
Number of complaints resolved	- 1 (One)
Number of complaints remaining unresolved and pending	- NIL

S. NO	NATURE OF COMPLAINTS	RECEIVED & REDRESSED DURING THE YEAR
1.	Correspondence regarding demat/general	-
2.	Correspondence regarding non-receipt of share certificate, transfer/transmission of shares	-
3.	Revalidation of dividend warrants/non-receipt of dividend warrants/status of dividend payment	-

Details of Demat Suspense Account/Unclaimed Suspense Account: Nil

To align with the requirements of amended SEBI (LODR) Regulations, 2015, Share Transfer Committee was merged with Stakeholders' Relationship Committee at the Board Meeting held on 2nd May, 2019.

Compliance Officer

The Name and designation of the Compliance Officer of the Company:

Mr. G. Somasundaram
Company Secretary & Compliance Officer
Domaine, Door No.1/20A, Rajiv Gandhi Salai (OMR),
Karapakkam, Chennai 600 097.

Phone No.: 091-044-24501622

Fax No. : 091-044-24501422

E-Mail ID: secretarial@hap.in

VI. OTHER COMMITTEES

A. SUB-COMMITTEE

The Sub-Committee comprised of three members of the Board, namely Mr. R.G. Chandramogan (Chairman), Mr. C. Sathyan and Mr. Balasubramanian Thenamuthan. The Company Secretary acts as the Secretary of the Committee.

The Committee looks after the following:

- To review the funds position of the Company, borrow monies required for the purpose of business, negotiate and finalise the terms of borrowings with the lenders, approve borrowings, look into its repayments and also to make loans when there is surplus money available in hand.
- To exercise generally all such powers and to do all such acts and things as the Board of Directors may delegate from time to time.
- Since most of the Matters assigned to Sub Committee have been taken care of by the Risk Management Committee and the Board, there was no necessity for holding the Meeting of Sub Committee in the Financial Year 2019 – 20.

B. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In terms of Section 135 of the Companies Act, 2013, the Board of Directors has constituted Corporate Social Responsibility Committee comprising of four members of the Board.

W.e.f., 01.04.2019, Mr. S. Subramanian, an Independent Director was made as Chairman of the Corporate Social Responsibility Committee. Now, with effect from 01.04.2019, the Corporate Social Responsibility Committee comprises of four Members – One Executive Director, One Non-Executive Independent Director and two Non-Executive Directors.

During the year, the Committee met once on 21st January, 2020.

The Corporate Social Responsibility Committee has been formed to carry out the following duties:

- a) To formulate and recommend to the Board, a Corporate Social Responsibility Policy, indicating the activities to be undertaken in areas or subjects specified in Schedule VII of Companies Act, 2013.

Activities relating to:—

- i) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;

- iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga; protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts;
- vi) measures for the benefit of armed forces, veterans, war widows and their dependants;
- vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- ix) Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Biotechnology (DBT), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);;
- x) rural development projects;
- xi) slum area development
- xii) contribution to corpus of a Trust/Society/Section 8 Companies etc., created exclusively for CSR activities;
- xiii) disaster management, including relief, rehabilitation and reconstruction activities
- xivi) any other spends as approved by the Ministry of Corporate Affairs by making additions to Schedule VII

- a) To recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- b) To monitor the Corporate Social Responsibility Policy of Company from time to time.

Annual Report on CSR activities is provided separately in the Annexure.

C. RISK MANAGEMENT COMMITTEE

The Board of Directors has formed a Risk Management Committee comprising of three members of the Board namely Mr. R.G. Chandramogan (Chairman), Mr. K.S.Thanajaran and Mr. C. Sathyan. The Committee has been formed to assess the risk associated with the operations of the Company, to implement measures to minimise the risk and to monitor the risk management plan of the Company.

During the year, the Committee met once on 21st January, 2020

The objectives and scope of the Risk Management Committee broadly comprises of :-

- Review and approve the Risk Management Policy and associated frameworks, processes and practices of the Company.
- Ensuring that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
- Evaluating significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner (including one-off initiatives, and ongoing activities such as business continuity planning and disaster recovery planning & testing and Cyber Security).
- Co-ordinating its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice).
- Reporting and making regular recommendations to the Board.

D. RIGHTS ISSUE COMMITTEE

The Board of Directors formed the Rights Issue Committee comprising of four members of the Board namely Mr. R.G. Chandramogan (Chairman), Mr. C. Sathyan, Mr. K.S. Thanajaran and Mr. P. Vaidyanathan. The Committee was formed to decide the terms and conditions of the Rights Issue including the nature of security, issue size, issue price, timing of the issue, rights entitlement ratio, record date and all other matters related and incidental to the Rights Issue in consultation with the lead manager to the Rights Issue.

Since the allotment of Rights Equity Shares was completed in the financial year 2018-2019, there arose no necessity for meeting of Rights Issue Committee in the financial year 2019-2020 since the Board decided the Rights Call.

VII. INDEPENDENT DIRECTORS MEETING:

During the year under review, the Independent Directors met once on, 21st January, 2020 inter alia, to discuss:

1. Evaluation of the performance of Non-Independent Directors and the Board of Directors as a Whole;
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.
3. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the meeting.

TABLE 8: DATE, TIME AND VENUE OF THE LAST THREE AGM'S			
FINANCIAL YEAR	DATE	TIME	VENUE
2016-17	24th July, 2017	10.00 A.M.	JD Mahal, Ground Floor, No.300, 200 Feet Radial Road, Kovilambakkam, Chennai – 600 117.
2017-18	7th September, 2018	10.00 A.M.	JD Mahal, Ground Floor, No.300, 200 Feet Radial Road, Kovilambakkam, Chennai – 600 117.
2018-19	30th August, 2019	10.00 A.M.	JD Mahal, Ground Floor, No.300, 200 Feet Radial Road, Kovilambakkam, Chennai – 600 117.

(ii) Extra-Ordinary General Meeting

There was no Extra-Ordinary General Meeting of the Company held during the year 2019-20.

(iii) Special Resolutions

At the Annual General Meeting of the Company held on 30th August, 2019, 3 (three) special resolutions were passed as follows:

- Payment of remuneration to Shri K.S. Thanarajan, Non-Executive Non-Independent Director
- Appointment of Shri D. Sathyanarayan as Non-Executive Non-Independent Director
- Payment of remuneration to Shri D. Sathyanarayan, Non-Executive Non-Independent Director

(iv) Postal Ballot

During the year, two postal ballots were conducted by the Company to seek the approval of its members as required under the provisions of Section 110 of the Companies Act, 2013 read with The Companies (Management and Administration) Rules, 2014.

At the postal ballot conducted on 02nd May 2019 the results of which were declared by the Company on 13th June 2019, the following Ordinary and Special Resolutions were passed:

Resolution No. 1 – Appointment of Shri. P. Vaidyanathan as a Non-Executive and Non-Independent Director:

Voting pattern as per Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is being provided for the above special resolution passed through the postal ballot on 13th June 2019 as below:-

TYPE OF EQUITY SHARE	NO. OF EQUITY SHARES VOTED		
	E-VOTING (ELECTRONIC)	PHYSICAL BALLOT FORMS	TOTAL
Fully paid Equity shares	121224703	201366	121426069
Partly paid up Equity shares	6609441	9867	6619308
Total votes cast	127834144	211233	128045377
Fully paid up Equity shares	0	1088	1088
Partly paid up Equity shares	0	0	0
Less: invalid votes	0	1088	1088
Fully paid up Equity shares	121224703	200278	121424981
Partly paid up Equity shares	6609441	9867	6619308
Net valid votes cast	127834144	210145	128044299
Fully paid up Equity shares	120684616	199642	120884258
Partly paid up Equity shares	6601432	9820	6611252
Votes cast in favour	127286048	209462	127495510
Fully paid up Equity shares	540087	636	540723
Partly paid up Equity shares	8009	47	8056
Votes Cast against	548096	683	548779

% of total valid votes cast in favour of the resolution: 99.5714%

% of total valid votes cast against the resolution: 0.4286 %

Resolution No. 2 – Appointment of Shri. S. Subramanian as a Non-Executive and Independent Director for the first term of 5 consecutive years.

Voting pattern as per Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is being provided for the above ordinary resolution passed through the postal ballot on 13th June 2019 as below:-

TYPE OF EQUITY SHARE	NO. OF EQUITY SHARES VOTED		
	E-VOTING (ELECTRONIC)	PHYSICAL BALLOT FORMS	TOTAL
Fully paid Equity shares	121224703	201366	121426069
Partly paid up Equity shares	6609428	9867	6619295
Total votes cast	127834131	211233	128045364
Fully paid up Equity shares	0	1088	1088
Partly paid up Equity shares	0	0	0
Less: invalid votes	0	1088	1088
Fully paid up Equity shares	121224703	200278	121424981
Partly paid up Equity shares	6609428	9867	6619295
Net valid votes cast	127834131	210145	128044276
Fully paid up Equity shares	117605659	200265	117805924
Partly paid up Equity shares	6423970	9865	6433835
Votes cast in favour	124029629	210130	124239759
Fully paid up Equity shares	3619044	13	3619057
Partly paid up Equity shares	185458	2	185460
Votes Cast against	3804502	15	3804517

% of total valid votes cast in favour of the resolution: 97.0287%

% of total valid votes cast against the resolution: 2.9713 %

Resolution No. 3 – Appointment of Dr. Chalini Madhivanan as a Non-Executive and Independent Director for the second term of 5 consecutive years.

Voting pattern as per Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is being provided for the above special resolution passed through the postal ballot on 13th June 2019 as below:-

TYPE OF EQUITY SHARE	NO. OF EQUITY SHARES VOTED		
	E-VOTING (ELECTRONIC)	PHYSICAL BALLOT FORMS	TOTAL
Fully paid Equity shares	121224657	201366	121426023
Partly paid up Equity shares	6609428	9867	6619295
Total votes cast	127834085	211233	128045318
Fully paid up Equity shares	0	1088	1088
Partly paid up Equity shares	0	0	0
Less: invalid votes	0	1088	1088
Fully paid up Equity shares	121224657	200278	121424935
Partly paid up Equity shares	6609428	9867	6619295
Net valid votes cast	127834085	210145	128044230
Fully paid up Equity shares	121224535	199642	121424177
Partly paid up Equity shares	6609410	9820	6619230
Votes cast in favour	127833945	209462	128043407
Fully paid up Equity shares	122	636	758
Partly paid up Equity shares	18	47	65
Votes Cast against	140	683	823

% of total valid votes cast in favour of the resolution: 99.9994%

% of total valid votes cast against the resolution: 0.0006 %

Resolution No. 4 – Appointment of Shri. Tammineedi Balaji as a Non-Executive and Independent Director for the second term of 5 consecutive years.

Voting pattern as per Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is being provided for the above special resolution passed through the postal ballot on 13th June 2019 as below:-

TYPE OF EQUITY SHARE	NO. OF EQUITY SHARES VOTED		
	E-VOTING (ELECTRONIC)	PHYSICAL BALLOT FORMS	TOTAL
Fully paid Equity shares	121224657	201366	121426069
Partly paid up Equity shares	6609428	9867	6619295
Total votes cast	127834131	211233	128045364
Fully paid up Equity shares	0	1088	1088
Partly paid up Equity shares	0	0	0
Less: invalid votes	0	1088	1088
Fully paid up Equity shares	121224703	200278	121424981
Partly paid up Equity shares	6609428	9867	6619295
Net valid votes cast	127834131	210145	128044276
Fully paid up Equity shares	121224581	199642	121424223
Partly paid up Equity shares	6609410	9820	6619230
Votes cast in favour	127833991	209462	128043453
Fully paid up Equity shares	122	636	758
Partly paid up Equity shares	18	47	65
Votes Cast against	140	683	823

% of total valid votes cast in favour of the resolution: 99.9994%

% of total valid votes cast against the resolution: 0.0006 %

Resolution No. 5 – To Authorise the Board of Directors to borrow funds pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013, not exceeding Rs.1500 Crores.

Voting pattern as per Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is being provided for the above special resolution passed through the postal ballot on 13th June 2019 as below:-

TYPE OF EQUITY SHARE	NO. OF EQUITY SHARES VOTED		
	E-VOTING (ELECTRONIC)	PHYSICAL BALLOT FORMS	TOTAL
Fully paid Equity shares	121224721	201366	121426087
Partly paid up Equity shares	6609428	9867	6619295
Total votes cast	127834149	211233	128045382
Fully paid up Equity shares	0	1088	1088
Partly paid up Equity shares	0	0	0
Less: invalid votes	0	1088	1088
Fully paid up Equity shares	121224721	200278	121424999
Partly paid up Equity shares	6609428	9867	6619295
Net valid votes cast	127834149	210145	128044294
Fully paid up Equity shares	121224278	200265	121424543
Partly paid up Equity shares	6609411	9865	6619276
Votes cast in favour	127833689	210130	128043819
Fully paid up Equity shares	443	13	456
Partly paid up Equity shares	17	2	19
Votes Cast against	460	15	457

% of total valid votes cast in favour of the resolution: 99.9996%

% of total valid votes cast against the resolution: 0.0004 %

Resolution No. 6 – Approval for creating charge on the assets of the Company to secure borrowings upto Rs. 1500 Crores pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013, not exceeding Rs. 1500 Crores.

Voting pattern as per Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is being provided for the above special resolution passed through the postal ballot on 13th June 2019 as below:-

TYPE OF EQUITY SHARE	NO. OF EQUITY SHARES VOTED		
	E-VOTING (ELECTRONIC)	PHYSICAL BALLOT FORMS	TOTAL
Fully paid Equity shares	121224721	201366	121426087
Partly paid up Equity shares	6609428	9867	6619295
Total votes cast	127834149	211233	128045382
Fully paid up Equity shares	0	1088	1088
Partly paid up Equity shares	0	0	0
Less: invalid votes	0	1088	1088
Fully paid up Equity shares	121224721	200278	121424999
Partly paid up Equity shares	6609428	9867	6619295
Net valid votes cast	127834149	210145	128044294
Fully paid up Equity shares	121224312	200265	121424577
Partly paid up Equity shares	6607587	9865	6617451
Votes cast in favour	127831898	210130	128042028
Fully paid up Equity shares	409	13	422
Partly paid up Equity shares	1842	2	1844
Votes Cast against	2251	15	2266

% of total valid votes cast in favour of the resolution: 99.9982%

% of total valid votes cast against the resolution: 0.0018 %

Resolution No. 7 – Approval for revision in terms of remuneration of Shri. C. Sathyan, Executive Director of the Company.

Voting pattern as per Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is being provided for the above ordinary resolution passed through the postal ballot on 13th June 2019 as below:-

TYPE OF EQUITY SHARE	NO. OF EQUITY SHARES VOTED		
	E-VOTING (ELECTRONIC)	PHYSICAL BALLOT FORMS	TOTAL
Fully paid Equity shares	121224386	201366	121425752
Partly paid up Equity shares	6609428	9867	6619295
Total votes cast	127833814	211233	128045047
Fully paid up Equity shares	0	1088	1088
Partly paid up Equity shares	0	0	0
Less: invalid votes	0	1088	1088
Fully paid up Equity shares	121224386	200278	121424664
Partly paid up Equity shares	6609428	9867	6619295
Net valid votes cast	127833814	210145	128043959
Fully paid up Equity shares	121224227	199642	121423869
Partly paid up Equity shares	6609423	9820	6619243
Votes cast in favour	127833650	209462	128043112
Fully paid up Equity shares	159	636	795
Partly paid up Equity shares	5	47	52
Votes Cast against	164	683	847

% of total valid votes cast in favour of the resolution: 99.9993%

% of total valid votes cast against the resolution: 0.0007 %

Resolution No. 8 – Approval for amendment to the Articles of Association of the Company.

Voting pattern as per Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is being provided for the above special resolution passed through the postal ballot on 13th June 2019 as below:-

TYPE OF EQUITY SHARE	NO. OF EQUITY SHARES VOTED		
	E-VOTING (ELECTRONIC)	PHYSICAL BALLOT FORMS	TOTAL
Fully paid Equity shares	121224708	201366	121426074
Partly paid up Equity shares	6609408	9867	6619275
Total votes cast	127834116	211233	128045349
Fully paid up Equity shares	0	1088	1088
Partly paid up Equity shares	0	0	0
Less: invalid votes	0	1088	1088
Fully paid up Equity shares	121224708	200278	121424986
Partly paid up Equity shares	6609408	9867	6619275
Net valid votes cast	127834116	210145	128044261
Fully paid up Equity shares	121224575	199642	121424217
Partly paid up Equity shares	6609403	9820	6619223
Votes cast in favour	127833978	209462	128043440
Fully paid up Equity shares	133	636	769
Partly paid up Equity shares	5	47	52
Votes Cast against	138	683	821

% of total valid votes cast in favour of the resolution: 99.9994%

% of total valid votes cast against the resolution: 0.0006 %

Resolution No. 9 – Ratification of Remuneration of Cost Auditors.

Voting pattern as per Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is being provided for the above ordinary resolution passed through the postal ballot on 13th June 2019 as below:-

TYPE OF EQUITY SHARE	NO. OF EQUITY SHARES VOTED		
	E-VOTING (ELECTRONIC)	PHYSICAL BALLOT FORMS	TOTAL
Fully paid Equity shares	121224703	201366	121426069
Partly paid up Equity shares	6609428	9867	6619295
Total votes cast	127834131	211233	128045364
Fully paid up Equity shares	0	1088	1088
Partly paid up Equity shares	0	0	0
Less: invalid votes	0	1088	1088
Fully paid up Equity shares	121224703	200278	121424981
Partly paid up Equity shares	6609428	9867	6619295
Net valid votes cast	127834131	210145	128044276
Fully paid up Equity shares	121224509	200265	121424774
Partly paid up Equity shares	6609422	9865	6619287
Votes cast in favour	127833931	210130	128044061
Fully paid up Equity shares	194	13	207
Partly paid up Equity shares	6	2	8
Votes Cast against	200	15	215

% of total valid votes cast in favour of the resolution: 99.9998%

% of total valid votes cast against the resolution: 0.0002 %

Mr. S. Dhanapal, Senior Partner of M/s. S Dhanapal & Associates, Practising Company Secretaries, who was appointed as Scrutiniser for the aforesaid Postal Ballot process submitted his report dated 13th June, 2019 to the Chairman of the Company. In accordance with the said report, the above results were declared by Mr. C. Sathyan, Executive Director of the Company, in terms of notice of postal ballot, at the registered office of the Company on 13th June 2019.

At the postal ballot conducted on 3rd February 2020 the results of which were declared by the Company on 7th March 2020, the following Special Resolutions were passed:

SPECIAL RESOLUTION NO. 1 – PAYMENT OF REMUNERATION TO SHRI. K.S. THANARAJAN, CHAIRMAN AND NON-EXECUTIVE NON-INDEPENDENT DIRECTOR:

Voting pattern as per Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is being provided for the above ordinary resolution passed through the postal ballot on 7th March, 2020 as below:-

TYPE OF EQUITY SHARE	NO. OF EQUITY SHARES VOTED		
	E-VOTING (ELECTRONIC)	PHYSICAL BALLOT FORMS	TOTAL
Fully paid Equity shares	133181553	11395	133192948
Partly paid up Equity shares	0	0	0
Total votes cast	133181553	11395	133192948
Fully paid up Equity shares	0	84	84
Partly paid up Equity shares	0	0	0
Less: invalid votes	0	84	84
Fully paid up Equity shares	133181553	11311	133192864
Partly paid up Equity shares	0	0	0
Net valid votes cast	133181553	11311	133192864
Fully paid up Equity shares	133176022	11074	133187096
Partly paid up Equity shares	0	0	0
Votes cast in favour	133176022	11074	133187096
Fully paid up Equity shares	533	237	5768
Partly paid up Equity shares	0	0	0
Votes Cast against	5531	237	5768

% of total valid votes cast in favour of the resolution: 99.996%

% of total valid votes cast against the resolution: 0.004%

SPECIAL RESOLUTION NO. 2 – PAYMENT OF REMUNERATION TO SHRI. D. SATHYANARAYAN, NON-EXECUTIVE NON-INDEPENDENT DIRECTOR

Voting pattern as per Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is being provided for the above ordinary resolution passed through the postal ballot on 7th March, 2020 as below:-

TYPE OF EQUITY SHARE	NO. OF EQUITY SHARES VOTED		
	E-VOTING (ELECTRONIC)	PHYSICAL BALLOT FORMS	TOTAL
Fully paid Equity shares	133181553	11395	133192948
Partly paid up Equity shares	0	0	0
Total votes cast	133181553	11395	133192948
Fully paid up Equity shares	0	84	84
Partly paid up Equity shares	0	0	0
Less: invalid votes	0	84	84
Fully paid up Equity shares	133181553	11311	133192864
Partly paid up Equity shares	0	0	0
Net valid votes cast	133181553	11311	133192864
Fully paid up Equity shares	133175649	11300	133186949
Partly paid up Equity shares	0	0	0
Votes cast in favour	133175649	11300	133186949
Fully paid up Equity shares	5904	11	5915
Partly paid up Equity shares	0	0	0
Votes Cast against	5904	11	5915

% of total valid votes cast in favour of the resolution: 99.996%

% of total valid votes cast against the resolution: 0.004%

SPECIAL RESOLUTION NO. 3 - RE-ISSUE OF FORFEITED EQUITY SHARES ARISING OUT OF FORFEITURE OF RIGHTS EQUITY SHARES FOR NON PAYMENT OF FIRST AND FINAL RIGHTS CALL MONEY

Voting pattern as per Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is being provided for the above ordinary resolution passed through the postal ballot on 7th March, 2020 as below:-

TYPE OF EQUITY SHARE	NO. OF EQUITY SHARES VOTED		
	E-VOTING (ELECTRONIC)	PHYSICAL BALLOT FORMS	TOTAL
Fully paid Equity shares	133181558	11395	133192953
Partly paid up Equity shares	13	0	13
Total votes cast	133181571	11395	133192966
Fully paid up Equity shares	0	84	84
Partly paid up Equity shares	0	0	0
Less: invalid votes	0	84	84
Fully paid up Equity shares	133181558	11311	133192869
Partly paid up Equity shares	13	0	13
Net valid votes cast	133181571	11311	133192882
Fully paid up Equity shares	133176917	11300	133188217
Partly paid up Equity shares	13	0	13
Votes cast in favour	133176930	11300	133188230
Fully paid up Equity shares	4641	11	4652
Partly paid up Equity shares	0	0	0
Votes Cast against	4641	11	4652

% of total valid votes cast in favour of the resolution: 99.997%

% of total valid votes cast against the resolution: 0.003 %

Mr. S. Dhanapal, Senior Partner of M/s. S Dhanapal & Associates, Practising Company Secretaries, who was appointed as Scrutiniser for the aforesaid Postal Ballot process submitted his report dated 6th March 2020 to the Chairman of the Company. In accordance with the said report, the above results were announced by Mr. R.G. Chandramogan, Managing Director of the Company, in terms of notice of postal ballot, at the registered office of the Company on 7th March 2020.

Postal Ballot Process:-

The Postal Ballot process is conducted as per the procedures laid down under Rule 22 of Companies (Management and Administration) Rules 2014 and Section 110 of the Companies Act, 2013. The process involves sending of postal ballot notice containing the subject matter of resolutions with explanatory statement for which the shareholders' approval is being sought to all the shareholders through registered post or electronic mail to the registered email ID's or through courier service facilitating the communication of assent or dissent of the shareholders to the resolution/s mentioned in the Postal Ballot Notice. The notice of postal ballot is also placed in the website of the Company. To conduct the postal ballot in a fair and transparent manner, the Board of Directors appoints one Scrutiniser who is not in the

employment of the Company. The Scrutiniser after the closing date of the receipt of postal ballot forms, records the results and submits his consolidated report to the Chairman of the Company within the specified timeline as mentioned in the above rules. The Chairman on receipt of the report declares the results and the resolution is deemed to have been duly passed.

IX. DISCLOSURES

- (i) There are no materially significant related party transactions of the Company which may have potential conflict with the interests of the Company at large.
- (ii) The Company has complied with all the requirement of regulatory authorities. No penalties/strictures were imposed on the Company by National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed or by SEBI or by any other statutory authority on any matter related to capital market during the last three years.

(iii) Whistle-Blower Policy

The Company has adopted the Whistle-Blower Policy through which Directors, employees and business associates may report unethical business practices at work place without the fear of reprisal. The Company has set up a direct contact initiative under which all the Directors, employees/business associates have direct access to the Chairman of the Audit Committee and affirms that no personnel has been denied access to the Audit Committee.

The "Whistle-Blower Protection Policy" aims to:

- Allow and encourage Directors, employees and business associates to bring to the management's notice concerns about suspected unethical behavior, malpractice, wrongful conduct, fraud, violation of policies etc.
- Ensure timely and consistent Organisational response.
- Build and strengthen a culture of transparency and trust.
- Provide protection against victimisation.

It is hereby affirmed that No Director/KMP/Personnel of the Company was denied access to Audit Committee.

The Policy on Related Party Transactions can be seen in the Company's website <https://www.hap.in/policies.html>

iv) DETAILS OF COMMODITY PRICE RISK / HEDGING ACTIVITIES:

For details, please refer to Note No.38 of Notes to Financial Statements for the financial year ended 31st March, 2020

(v) Details of compliance of mandatory requirements:

We comply with the corporate governance requirements under the 2015 Regulations, and specifically to the requirements under Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46.

We comply with the amended SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 which has given effect to the recommendations of Kotak Committee by SEBI.

(vi) The Company has fulfilled the following non-mandatory requirements as prescribed in Part E of Schedule II as mentioned under Regulation 27 (1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

1. The Board

The Chairman of the Board is a Non-Executive Director who is entitled to a Remuneration as approved by the Shareholders.

2. Shareholders' Rights

The Company regularly does statutory filings as required under the SEBI(LODR) Regulations, 2015 as amended and also updates the website of the Company on a regular basis. The financial results as when approved by the Board are hosted in the investor column of the Company's website from which any shareholders can easily access and obtain the requisite information on the Company.

3. Audit Qualifications

There are no Audit qualifications during the year under review.

4. Separate posts of Chairman and CEO

Up to the Board Meeting held on 21.06.2019, Shri. R.G. Chandramogan was the Chairman and Managing Director of the Company in compliance with the provisions of The Companies Act, 2013. The provision relating to the separation of position of Chairman and Managing Director was initially fixed as effective from 1st April 2020 as per Regulation 17(1B) of SEBI (LODR) Regulations, 2015. In accordance with the above said Regulation, the Company has complied with the requirement by appointing a Non-Executive Director as Chairman of the Board w.e.f., 21.06.2019. Even though the relaxation in this regard was announced later by SEBI vide its Notification dated 10th January,

2020, deferring the implementation of the above mentioned provision relating to separation of roles of Chairman and Managing Director by two years i.e., 1st April, 2022, the Company is already compliant in this regard. The Company has already complied the same on 21-June-2019.

5. Reporting by the Internal Auditor

The Company has appointed Internal Auditors who have full access to the Audit Committee to report any finding/s during their audit.

6. Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carried out reconciliation of share capital to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The reconciliation of share capital audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

7. Code of Conduct

The Board has laid down a Code of Conduct for its Members and Senior Management Personnel of the Company. The Code of Conduct is available on the website of the Company, <https://www.hap.in/policies.html> All the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

The CEO has affirmed to the Board that this Code of Conduct has been complied by all the Board Members and Senior Management Personnel.

8. Code for Prevention of Insider Trading Practices

SEBI vide its Notification No.SEBI/LAD-NRO/GN/2018/59 dated 31st December 2018 has amended the SEBI (Prohibition of Insider Trading) Regulations, 2015, for governing the conduct of insiders, connected persons and persons who are deemed to be connected persons on matters relating to Insider Trading.

The Regulation 9 (1) contained under Chapter IV of the amended SEBI (Prohibition of Insider Trading) Regulations, 2015 mandates listed companies and Board of Directors or head(s) of the Organisation of every intermediary to formulate a Code of Conduct (hereinafter referred to as "Code") to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons towards achieving compliance with these regulations adopting the minimum standards as set out in the Regulations.

The amended SEBI (Prohibition of Insider Trading) Regulations, 2015 ("Regulations") was effective from 1st April 2019 to all the Designated Persons viz., Promoters, Directors, KMPs, Employees as specified and Connected Persons and their Immediate Relatives and extends to all activities within and outside an individual's duties at the Company.

In compliance with the above SEBI regulation on Prevention of Insider Trading, the Company has instituted a comprehensive Code of Conduct and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them of the consequences of violations. Dealings in Company's shares by the Board Members and Senior Management Personnel have been reported to the Audit Committee periodically.

9. Disclosure of accounting treatment in preparation of financial statements

The Company has followed the guidelines of accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

10. CEO & CFO Certification

CEO and CFO certification on the financial statements and the cash flow statement for the year is enclosed and forms part of this report.

X. MEANS OF COMMUNICATION

The Company has its own website and all vital information relating to the Company, including official news releases and its performance including quarterly results, quarterly shareholding pattern are posted on that website, namely <https://www.hap.in/shareholding-pattern.html>.

The quarterly, half-yearly and annual results of the Company are published in leading English and Vernacular news papers like The Financial Express (English) and The Maalai Sudar (Tamil).

No separate presentations were made to institutional investors or to the analysts.

A Management Discussion and Analysis Report have been included and forms part of this Annual Report.

The Business Responsibility Report has been included and forms part of this Annual Report.

XI. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Due to the continuing Covid-19 pandemic, the Company decided to conduct the 35th AGM through Video Conferencing (VC) or Other Audio Visual Means as per the Circulars issued by the Ministry of Corporate Affairs vide its Circular 20/2020 dated 5th May, 2020 and Securities and Exchange Board of India vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, inter alia, permitting conduct of Annual General Meeting through VC/OAVM facility.

Consequent to the above developments, the relevant information has been updated in the "GENERAL SHAREHOLDER INFORMATION SECTION" of the Corporate Governance Report for the year ended 31st March, 2020:

(i) Annual General Meeting

Day: Thursday

Date: 24th September, 2020

Time: 10:00 am

Venue: Annual General Meeting through Video Conferencing/ Other Audio Visual Means (VC/OAVM facility)

Deemed Venue for Meeting: Registered Office:

Domaine, Door No.1/20A,
Rajiv Gandhi Salai (OMR),
Karapakkam, Chennai 600 097

As required under Regulation 36 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 particulars of Directors seeking appointment /re-appointment at the ensuing Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM to be held on 24th September, 2020.

Financial Calendar

Financial Year : 1st April to 31st March

For the year ended 31st March, 2020, results were announced on

First Quarter : 18th July, 2019

Half Year : 22nd October, 2019

Third Quarter : 21st January, 2020

Annual : 23rd June, 2020

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For the Financial year ending 31st March, 2021 results will be announced as follows

First Quarter	:	21st July, 2020 - within the extended timeline given by SEBI due to Covid 19 Pandemic
Half Year	:	within 45 days from the end of half year
Third Quarter	:	within 45 days from the end of third
Annual	:	within 60 days from the end of financial year

(ii) Date of Book Closure/Record Date

The date of book closure is as mentioned in the Notice of the AGM i.e., from 23rd September, 2020 to 24th September, 2020 (both days inclusive)

(iii) Dividend Payment Date

During the year, two Interim Dividends were declared by the Board of Directors. The details of dividend payment date are as follows;

Table 9

Date of Declaration	Rate of Dividend %	Record Date/ Book Closure	Dividend Payment Date
18th July 2019	200%	26th July 2019	On or before 16th August 2019
9th March 2020	200%	18th March 2020	On or before 31st March 2020

(iv) Listing on Stock Exchanges

At present, the Equity Shares of the Company are listed on National Stock Exchange of India Limited having its address at Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra E, Mumbai 400 051 and BSE Limited having its address at 2nd Floor, New Trading Ring, P.J.Towers, Dalal Street, Mumbai 400 001. The annual listing fees for the financial year 2020-21 has been paid.

(v) Stock Code

ISIN No.	:	INE473B01035 / IN9473B01017
BSE Stock Code	:	531531 / 890146
NSE Stock Code	:	HATSUN

(vi) Market Price Data

Hatsun Agro Product Limited										
Month	NSE			BSE			NSE - NIFTY		BSE - SENSEX	
	High Price	Low Price	No. of Shares traded	High Price	Low Price	No. of Shares traded	High Price	Low Price	High Price	Low Price
Apr-19	785.00	697.65	189792	769.00	692.70	10452	9,826	9,577	39,487	38,460
May-19	735.00	687.35	140100	748.90	689.00	6563	9,889	9,108	40,125	36,956
Jun-19	736.90	680.00	107900	733.95	675.35	2701	9,941	9,476	40,312	38,871
Jul-19	775.00	665.50	358197	774.90	680.00	14017	9,805	8,928	40,032	37,128
Aug-19	690.00	572.40	106737	691.75	576.65	6583	9,103	8,628	37,808	36,102
Sep-19	660.45	589.00	81469	658.00	590.00	6130	9,552	8,738	39,441	35,988
Oct-19	645.90	564.10	188709	650.00	565.00	7973	9,733	9,009	40,392	37,416
Nov-19	615.00	570.00	2321019	624.00	549.35	935995	9,875	9,597	41,164	40,014
Dec-19	615.00	548.00	695868	616.40	547.30	13500	9,946	9,575	41,810	40,135
Jan-20	670.00	573.95	562053	670.00	575.00	32398	10,175	9,700	42,274	40,477
Feb-20	744.70	611.95	319731	743.00	611.90	20585	10,072	9,214	41,709	38,220
Mar-20	719.45	380.00	395415	724.90	375.05	21523	9,435	6,153	39,083	25,639

(i) Performance in comparison with BSE Sensex and NSE Nifty.

Chart 1: Performance of Hatsun Share Price in comparison with NSE NIFTY

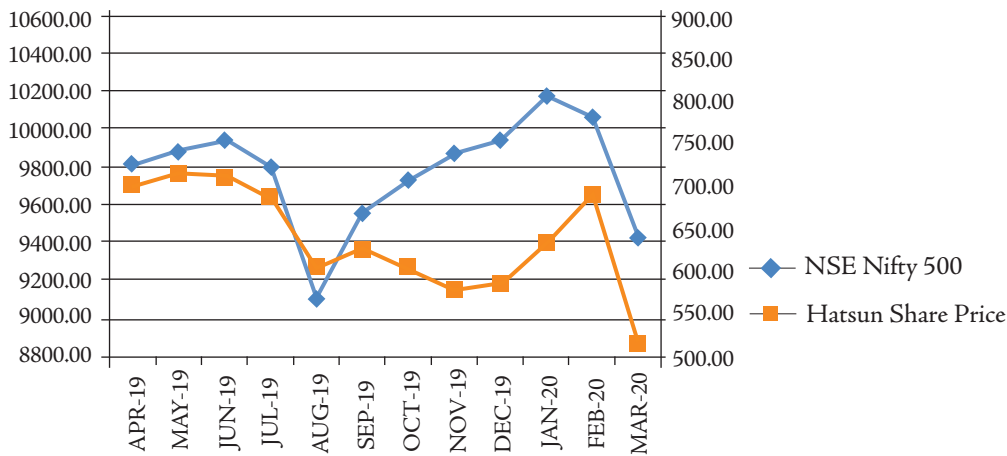
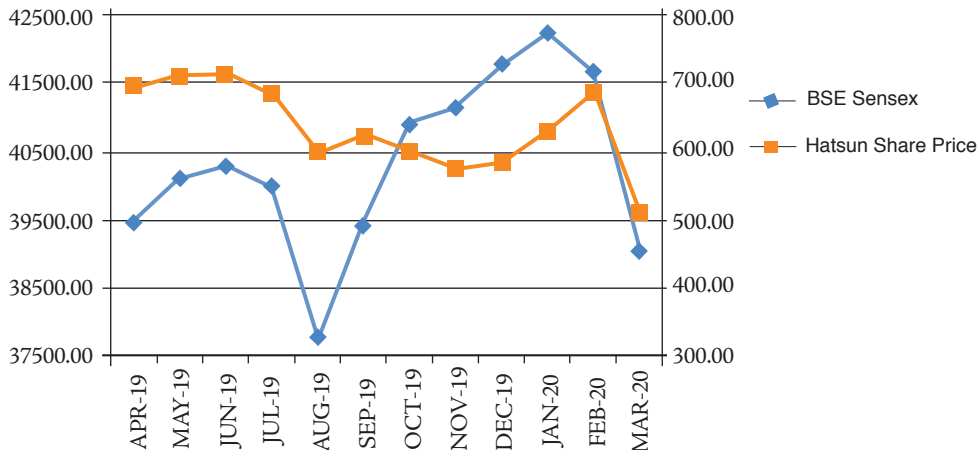


Chart 2: Performance of Hatsun Share Price in comparison with BSE SENSEX.



(vii) Registrar and Share Transfer Agent

As per the requirement of Securities and Exchange Board of India, M/s. Integrated Registry Management Services Private Limited (Formerly known as Integrated Enterprises (India) Limited) have been appointed as the Registrar and Share Transfer Agent to take care of all works related to Share Registry. The contact details of the Registrar and Share Transfer Agent are given below:

M/s. INTEGRATED REGISTRY MANAGEMENT SERVICES PRIVATE LIMITED

(Formerly known as Integrated Enterprises (India) Limited)

30, Ramana Residency, 4th Cross,

Sampige Road, Malleswaram

Bangalore – 560 003.

Tel: 091 - 080 - 23460815 – 818

Fax: 091 - 080 - 23460819

E-mail: alpha123information@gmail.com

All communications relating to share transfers, share certificates, change of address, dividends and any other query relating to shares should be addressed to the above Registrar and Share Transfer Agent.

(viii) Share Transfer System

The share transfers in physical form is no longer permitted as per the amendment made to SEBI (LODR) Regulations, 2015 and Share Transfers can be effected only in dematerialized form after 01.04.2019. As per the clarification given by SEBI, Transmission and Transposition of Shares will be allowed in physical form. Transmission and Transposition, issue of duplicate shares, transfer of unclaimed shares to IE&PF Authority are presently processed and the share certificates are issued within the stipulated time, subject to the documents being clear in all respects.

(ix) Distribution of Shareholding**a. Distribution of Shareholding as at 31st March, 2020**

Distribution of Shareholding as on March 31, 2020 - Fully paid up Equity Shares

Table I I: Distribution of Shareholding as at 31st March, 2020 - Fully paid up Equity Shares

NO. OF SHARES HELD	NO. OF SHAREHOLDERS	% TO CAPITAL	NO. OF SHARES	% TO NO OF SHARES
Upto 5,000	13158	97.39	3693541	2.29
5,001 - 10,000	108	0.8	762574	0.47
10,001 - 20,000	81	0.6	1072777	0.66
20,001 - 30,000	29	0.21	699019	0.43
30,001 - 40,000	14	0.1	494024	0.31
40,001 - 50,000	18	0.13	820132	0.51
50,001 - 1,00,000	29	0.21	2107538	1.3
1,00,001 and above	73	0.54	151990846	94.03
Total	13510	99.98	161640451	100

Distribution of Shareholding as on March 31, 2020 - Partly paid up Rights Equity Shares

NO. OF SHARES HELD	NO. OF SHAREHOLDERS	% TO CAPITAL	NO. OF SHARES	% TO NO OF SHARES
Upto 5,000	422	99.77	19188	50.00
5,001 - 10,000	Nil	Nil	Nil	Nil
10,001 - 20,000	1	0.23	19187	50.00
20,001 - 30,000	Nil	Nil	Nil	Nil
30,001 - 40,000	Nil	Nil	Nil	Nil
40,001 - 50,000	Nil	Nil	Nil	Nil
50,001 - 1,00,000	Nil	Nil	Nil	Nil
1,00,001 and above	Nil	Nil	Nil	Nil
Total	423	100.00	38375	100.00

Table 12: Category of Shareholders as at 31st March, 2020 - (Fully paid up Equity Shares)

CATEGORY	NO. OF FOLIOS / SHAREHOLDERS	NO. OF SHARES HELD	SHARE HOLDING (%)
Fully Paid up			
Promoters	8	11,89,66,492	73.60
Directors and their relatives	17	57,62,413	3.56
Bodies Corporate	126	20,18,703	1.25
NRIs	195	2,33,188	0.14
Others	13,164	3,46,59,655	21.44
Total	13,510	16,16,40,451	99.98
Partly Paid up			
Bodies Corporate	8	1,770	0.00
NRIs	5	227	0.00
Others	410	36,378	0.02
Grand Total	13,933	16,16,78,826	100.00

x) Dematerialisation of shares : About 99.11% of the fully paid up Equity Shares are being held in dematerialised form as at 31st March, 2020. About 98.74% of the partly paid up Equity Shares are being held in dematerialised form as at 31st March, 2020.

TABLE 13: DISTRIBUTION OF FULLY PAID SHARES WITH BREAK-UP OF PHYSICAL AND ELECTRONIC FORM AS AT 31ST MARCH, 2020

S.NO	NO. OF EQUITY SHARES	NO. OF FOLIOS/ SHAREHOLDERS			NO. OF FOLIOS/ SHAREHOLDERS (%) TO TOTAL			NO. OF SHARES			SHAREHOLDING (%)		
		PHY.	ELECT.	TOTAL	PHY.	ELECT.	TOTAL	PHY.	ELECT.	TOTAL	PHY.	ELECT.	TOTAL
1	1 - 100	34	9966	10000	0.25	73.77	74.02	1039	233299	234338	0.00	0.14	0.14
2	101 - 200	14	939	953	0.10	6.95	7.05	2096	137462	139558	0.00	0.09	0.09
3	201 - 300	19	324	343	0.14	2.40	2.54	4604	80970	85574	0.00	0.05	0.05
4	301 - 400	1	172	173	0.01	1.27	1.28	400	60646	61046	0.00	0.04	0.04
5	401 - 500	6	185	191	0.04	1.37	1.41	2925	646	87571	0.00	0.05	0.05
6	501 - 1000	26	344	370	0.19	2.55	2.74	20312	250823	271135	0.01	0.16	0.17
7	1001 - 5000	334	794	1128	2.47	5.88	8.35	873492	1940827	2814319	0.54	1.20	1.74
8	5001 - 10000	19	89	108	0.14	0.66	0.80	137430	625144	762574	0.09	0.39	0.47
9	10001 & above	21	223	244	0.16	1.65	1.81	414976	156769360	157184336	0.26	96.99	97.24
TOTAL		474	13036	13510	3.50	96.50	100.00	1457274	160183177	161640451	0.90	99.11	99.99

TABLE 14: DISTRIBUTION OF PARTLY PAID SHARES WITH BREAK-UP OF PHYSICAL AND ELECTRONIC FORM AS AT 31ST MARCH, 2020

S.NO	NO. OF EQUITY SHARES	NO. OF FOLIOS/ SHAREHOLDERS			NO. OF FOLIOS/ SHAREHOLDERS (%) TO TOTAL			NO. OF SHARES			SHAREHOLDING (%)		
		PHY.	ELECT.	TOTAL	PHY.	ELECT.	TOTAL	PHY.	ELECT.	TOTAL	PHY.	ELECT.	TOTAL
1	1 - 100	1	371	372	0.24	87.71	87.94	5	4913	4918	0.01	12.8	12.82
2	101 - 200	3	27	30	0.71	6.38	7.09	479	3913	4392	1.25	10.2	11.44
3	201 - 300	0	7	7	0	1.65	1.65	0	1736	1736	0	4.52	4.52
4	301 - 400	0	3	3	0	0.71	0.71	0	1024	1024	0	2.67	2.67
5	401 - 500	0	2	2	0	0.47	0.47	0	865	865	0	2.25	2.25
6	501 - 1000	0	6	6	0	1.42	1.42	0	3786	3786	0	9.87	9.87
7	1001 - 5000	0	2	2	0	0.47	0.47	0	2467	2467	0	6.43	6.43
8	5001 - 10000	0	0	0	0	0	0	0	0	0	0	0	0
9	10001 & above	0	1	1	0	0.24	0.24	0	19187	19187	0	50	50
TOTAL		4	419	423	0.95	99.05	99.99	484	37891	38375	1.26	98.74	100.00

(xi) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

As on March 31, 2020, the Company did not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

xii) Plant Locations:

1. Salem Plant: Attur Main Road, Karumapuram Village, Salem - 636 106, Tamil Nadu.
2. Kancheepuram Plant: No.144, Timmasamudram Village (White Gate), Chennai Bangalore Highway, Kancheepuram Taluk, Kancheepuram - 631 502, Tamil Nadu.
3. Tirunelveli Plant: NH-7, Tirunelveli - Nagercoil Road, Poolam Village, Ayaneri, Moondradaippu (Post), Tirunelveli - 627 152, Tamil Nadu.
4. Red hills Plant: No.114, Angadu Road, Nallur Village, Red hills, Chennai - 600 067, Tamil Nadu.
5. Belgaum Plant: No.277/2, Desur Village, Kanapur Road, Belgaum - 590 014, Karnataka.
6. Honnali Plant: No.109/2, Melebennur Road, Kundur Village, Honnali Taluk, Davangere District, Honnali - 577 219, Karnataka.
7. Kolasanahalli Plant: Sengan Pasuvanthalave Village, Kolasanahalli Panchayat, Palacode Taluk, Dharmapuri District - 636 805, Tamil Nadu.
8. Madurai Plant: No.76/2b, Dindigul Madurai Main Road, Thiruvazhavayanallur, Vadipatti Taluk, Madurai - 625 221, Tamil Nadu.
9. Thalaivasal Plant: V Koottu Road Pirivu, Attupannai, Periyeri Post, Attur Taluk, Thalaivasal, Salem District - 636 102, Tamil Nadu.
10. Vellisandhai Plant: No.142/1b&1c, Hosur Main Road, Vellisandhai, Thandukaranahalli (Po), Palacode, Dharmapuri - 636 808, Tamil Nadu.
11. Salem Milk Product Plant: Attur Main Road, Ramalingapuram Village, Salem - 636 107, Tamil Nadu.
12. Karur Plant: Ayyampalayam, No.871/1, Aravakurichi Taluk, Karur - 639 111, Tamil Nadu.
13. Hyderabad Plant: Sy. No. 32/Part, Suraram Industrial Area, Quthbullapur Mandal, Hyderabad - 500 055, Telangana.
14. Chittoor Plant: Sy. No. 821 & 822, M.BandapaIi Village, Puthalapattu Mandal, Chittoor - 517 127, Andhra Pradesh.
15. Guduvancherry Plant: No.344/2A2D, Nellikuppam Road, Karanaipuduchery, Guduvancherry - 603 202, Tamil Nadu
16. Palani Plant: Melkaraipatti Village, Palani Taluk, Dindigul District, Dindigul - 624213, Tamil Nadu.
17. Sangola Plant: Gate No.373/9/A, Ekhatpur Road, Sangola - 413307, Maharashtra.
18. Wallajah Plant: Survey No 73/3b, & 74/3 A1, Thenkadappanthangal Village, Musiri Road, Wallajah, Vellore - 632 513, Tamil Nadu.

xiii) Address for Correspondence

For share transfers, share certificates, change of address, dividends and any other query relating to shares:

M/s. INTEGRATED REGISTRY MANAGEMENT SERVICES PRIVATE LIMITED

(Formerly known as Integrated Enterprises (India) Limited)
30, Ramana Residency, 4th Cross Sampige Road, Malleswaram
Bangalore - 560 003. Tel: 091 - 080 - 23460815 - 818
Fax: 091 - 080 - 23460819 | E-mail: alfint@vsnl.com

For Investors' Assistance

Mr. G. Somasundaram

Company Secretary

Hatsun Agro Product Limited

Domaine, Door No.1/20A, Rajiv Gandhi Salai (OMR),
Karapakkam, Chennai - 600 097.

Phone No.: 091-044-24501622 | Fax No.: 091-044-24501422

E-Mail: secretarial@hap.in | Website: www.hap.in

xiv) List of Credit Ratings obtained:

During the financial year, Your Company has obtained/renewed the Credit Rating from CRISIL for availing the Bank Loan Facilities of INR 1180 Crores until 31st March 2020.

1. Our Long Term Rating as CRISIL A+ / Stable for the bank loan facilities of the Company.
2. Our Short Term Rating as CRISIL A1 for the bank loan facilities of the Company.

There is no change in Company's rating by CRISIL during the year and it has reaffirmed the above rating

Total fees for all the services paid by the Company, on a consolidated basis, to the Statutory Auditors

Total fees for all the services paid by the Company, on a consolidated basis to M/s Deloitte Haskings & Sells LLP was Rs. 77.84 Lakhs (excluding tax) for the Financial Year 2019-2020.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- a. number of complaints filed during the financial year - NIL
- b. number of complaints disposed of during the financial year - NIL
- c. number of complaints pending as on end of the financial year - NIL

DECLARATION**REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for the members of the Board and the Senior Management Personnel and these Codes are available on the Company's website <https://www.hap.in/policies.html>. I confirm that the members of the Board and the Senior Management Personnel have complied with the Code of Conduct in respect of the financial year ended March 31, 2020.

For HATSUN AGRO PRODUCT LIMITED

Sd/-
R.G. Chandramogan
Managing Director
DIN: 00012389

Sd/-
C. Sathyan
Executive Director
DIN: 00012439

Place: Chennai
Date: 23rd June, 2020

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We, R.G. Chandramogan, Managing Director and H. Ramachandran, Chief Financial Officer of M/s. Hatsun Agro Product Limited, certify that

1. We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2020 and that to the best of our knowledge and belief:

- a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- b) these statements together present a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles, including accounting standards, applicable laws and regulations.

2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or isolative of the Company's Code of Conduct.

3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

4. We have indicated to the auditors and to the Audit Committee

- a) significant changes in internal control over financial reporting during the year;
- b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or other employees having a significant role in the Company's internal control system over financial reporting.

However, during the year, there were no such changes or any such instances.

Sd/-
R.G. Chandramogan
Managing Director
DIN: 00012389

Sd/-
H. Ramachandran
Chief Financial Officer

Place: Chennai
Date: 23rd June, 2020

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW

Hatsun Agro Product Limited ("HAP" or "the Company") is in the business of Dairy products for over five decades and achieved the position of the largest private sector industry in Dairy sector manufacturing and marketing Milk and Milk products viz., Milk, Ice creams and other Milk products such as., Curd and Ghee, ready-to-eat products and also the manufacturing and marketing of Cattle Feed.

HAP accepts responsibility for the integrity and objectivity of the Financial Statements as well as for the various estimates and judgments used therein. The estimates and judgments relating to the Financial Statements have been made on a prudent and reasonable basis, so that the financial statement reflects in a true and fair manner, the form and substance of transactions, and reasonably presents our state of affairs, profit and cash flows for the year.

GENERAL ECONOMIC SCENARIO & INDUSTRY STRUCTURE

As everyone is aware, Indian Economy was growing at a steady pace; however in the last month of the second half of the financial year 2019-20 i.e., the month of March, 2020 Covid 19 pandemic took everyone by surprise and applied brakes on the growth engine and even the normal business activities of the Companies and the normal operations in life came to a standstill, the world over. India is no exception to this general trend but thanks to the Central and State Governments' timely announcement of national lock down, it is proving to be a big success in saving the lives of billions of people and the entire workforce for the nation.

Despite the financial year end shock to the Industry, the IMF has projected the growth of Indian Economy for the financial year 2019-20 albeit at a lesser rate of 1.9%. As the World Economy plunges and faces the worst ever recession since the Great Depression of 1930s in this Covid 19 pandemic scenario, a deep dive in to IMF Projections offer a glimmer of hope and a momentous opportunity ahead for India.

In 2019, India achieved a growth of 4.2 percent. Many experts believed Asia's third-largest economy then still reeled under the impact of demonetisation and the GST rollouts, which adversely affected small, medium and large scale enterprises. Unlike 2008, where India was coming off a high entering into the recession, here India is already on a slippery slope. But the latest IMF forecasts provide hope to the Indian economy and should they come true, India may just start to get on a new bull run, considering all other factors are in its favour.

The projections for 2020 and 2021 are optimistic for India. One must not forget that we may see revisions of the projections after the lifting of lock downs – partial or full.

India has thus far escaped from getting caught in the exponential growth trend of cases that have impaired most of Europe and the USA. China is already back to business now and it is important that India too gets back on its feet soon enough. The IMF predicts that barring India and China, most other nations will move into negative growth for 2020 before coming back up in 2021.

According to the IMF, the recovery forecast for 2021 depends critically on the pandemic being brought under control in the second half of 2020, allowing containment efforts to be gradually scaled back and restoring consumer and investor confidence. Smaller nations in SAARC and ASEAN regions are mostly projected to remain in the positive territory. In terms of the projections for 2021, the prices are expected to be back to 2019 levels across the globe.

The projection is expecting a sharp correction in consumer prices for the year 2020.

India can expect a 120 per cent decrease in the consumer price index compared to 2019. This is one of the steepest in terms of reductions and may be owing to the reduction in spending power of the Indians.

The lockdown has impacted most of the unorganised sector in a profound manner. India still thrives on the success of the unorganised sector. That said it is not a surprise that the lockdown has severely affected its supply chains.

The 2008 financial crisis was the last time India felt a severe pinch in the economy. India had to endure side-effects of the same in the reversal of inflows from foreign institutional investors (FIIs), tumbling of the rupee valuation, lack of access to short term trade finances, the collapse of the stock market, job losses, etc. Back then, India was able to limp out soon, owing to some effective measures. India's GDP was still at a healthy 5.8 per cent in spite of the crisis. Today, the Covid 19 pandemic is seen as a much bigger crisis and much different from the recessions of the last few decades. This has virtually brought the entire world to a standstill. Supply chains world over have been affected and the backlogs at least with respect to perishable goods have gone waste. The Indian government has announced a series of finance packages to offset the lockdown losses temporarily. For the long term though, they would need to do more to ensure India gets back on its feet as soon as possible.

The best thing for the Indian economy in the immediate aftermath would be to ease the liquidity crisis that may come into play. We may see a reduction in lending rates soon enough to offset any possible credit crunch. We should see some form of loosening of the monetary policy and administering new fiscal stimulus packages to lessen the blow of an economic downturn. In terms of building for the future, India must use this period of resurgence to slowly, but surely, enhance its core strengths. There are broadly four areas in which fresh reforms can help provide the impetus - infrastructure, education, agriculture and investment climate.

Infrastructure is an ongoing process but with better infrastructure, India will be in a better position to face situations as thus in the future. Owing to a severe meltdown of the world market, there will be a need for people to upgrade skills and prepare themselves for the new future.

Agriculture and the associated supply chains have been massively affected during this lockdown and setting it right will enable the Indian economy to immediately come alive. Agriculture still has a substantial stake in the GDP.

The investment climate too needs to be reinvigorated. Especially, after demonetisation and the GST chaos, India needs some reassurance in the financial policy to attract FIIs. One can definitely trust more FIIs putting their money into India in 2020 and 2021, especially after a positive projection from the IMF.

The angst against China's handling of the overall pandemic also offers a big opportunity to India in terms of becoming the manufacturing hub for market leaders in electronics and communications.

Japan and a few other nations have already drafted plans to reduce dependency on China for manufacturing. It all boils down to how effectively India steers clear of the Covid 19 pandemic.

The first Union Budget of the third decade of 21st century was presented by the Minister for Finance & Corporate Affairs, Ms. Nirmala Sitharaman in the Parliament on February 1st, 2020. The budget aimed at energizing the Indian economy through a combination of short-term, medium-term, and long-term measures.

THE KEY HIGHLIGHTS OF UNION BUDGET 2020-21 AREAS FOLLOWS:

Aspirational India - better standards of living with access to health, education and better jobs for all sections of the society. Economic Development for all - "Sabka Saath, Sabka Vikas, Sabka Vishwas". Caring Society - both humane and compassionate; Antyodaya as an article of faith. Three broad themes are held together by; Corruption free, policy-driven Good Governance, Clean and sound financial sector and Ease of Living underlined by the three themes of Union Budget 2020-21.

Three components of Aspirational India:

- i) Agriculture, Irrigation, and Rural Development,
- ii) Wellness, Water, and Sanitation,
- iii) Education and Skills.

Sixteen Action Points for Agriculture, Irrigation and Rural Development. Highlights of the same are as follows:

- Rs. 2.83 Lakh Crores (US\$ 40.06 billion) to be allocated for the 16 Action Points
- Rs. 1.60 Lakh Crores (US\$ 22.64 billion) for Agriculture, Irrigation & allied activities.
- Rs. 1.23 Lakh Crores (US\$ 17.40 billion) for Rural development & Panchayati Raj.

Agriculture credit:

- Rs. 15 Lakh Crores (US\$ 212.31 billion) target set for the year 2020-21.
- PM-KISAN beneficiaries to be covered under the KCC scheme.
- NABARD Re-finance Scheme to be further expanded.

Blue Economy:

- Rs. 1 Lakh Crores (US\$ 14.15 billion) fisheries exports to be achieved by 2024-25.
- 200 Lakh tonnes fish production targeted by 2022-23. 3477 Sagar Mitras and 500 Fish Farmer Producer Organisations to involve youth in fisheries extension.
- Growing of algae, seaweed and cage culture to be promoted.
- Kisan Rail to be setup by Indian Railways through PPP.
- Krishi Udaan to be launched by the Ministry of Civil Aviation for both international and national routes.
- One-Product One-District introduced in order to improve better marketing and export in the Horticulture sector.

PM-KUSUM to be expanded:

- 20 Lakh farmers to be provided for setting up stand-alone solar pumps.
- Another 15 Lakh farmers to be helped to solarise their grid-connected pump sets.
- Scheme to enable farmers to set up solar power generation capacity on their fallow/barren lands and to sell it to the grid.

Livestock:

- Doubling of milk processing capacity to 108 million MT from 53.5 million MT by 2025.
- Artificial insemination to be increased to 70 per cent from the present 30 per cent.
- MNREGS to be dovetailed to develop fodder farms.
- Foot and Mouth Disease, Brucellosis in cattle and Peste Des Petits ruminants (PPR) in sheep and goat to be eliminated by 2025.

At the end of third Lock down period i.e., on 13.05.2020, the day after Honorable Prime Minister Shri Narendra Modi delivered a Speech through television announcing Rs. 20 Lakh Crores package, the details of the package were explained by our Finance Minister Smt. Nirmala Sitaraman. Key Highlights of the package are as under:

Six major steps for the revival of the MSME sector:

1. Collateral free loan of Rs. 3 Lakh Crores for MSMEs which will benefit 45 Lakh units so that they can resume work and save jobs.
2. For stressed MSMEs, Subordinate debt provision of Rs. 20,000 Crore has been announced for 2 Lakh MSMEs. It will benefit those which are NPAs or stressed MSMEs.
3. Rs. 50,000 Crores equity infusion through Mother fund-Daughter fund for MSMEs that are viable but need hand-holding. A fund of funds with corpus of Rs. 10,000 Crores will be set up to help these units expand capacity and help them list on Markets if they choose.
4. Definition of MSMEs has been revised to allow MSMEs to aim for expansion and not lose benefits. Also, there'll be no distinction between manufacturing & service.
5. Global tenders will be disallowed up to Rs. 200 Crores for government contracts.
6. Will ensure e-market linkages are provided across the board in the absence of non-participation in trade fairs due to Covid. Govt of India and PSUs will clear all the receivables in next 45 days.

For Employees

1. A liquidity relief of Rs. 2,500 Crores EPF support is being given to all EPF establishments, EPF contribution will be paid by Govt. of India for another 3 months till August and will benefit more than 72 Lakh employees.
2. Statutory EPF contribution for all organisations and their employees covered by EPFO has been reduced to 10% from 12% earlier. This doesn't apply to govt organisations. This will infuse Rs. 6,750 Crores liquidity into these organisations.

For NBFCs/HFCs/MFIs

1. Rs. 30,000 Crores special liquidity scheme for investing in investment grade debt paper of NBFCs, HFCs and MFIs. These NBFCs are those that are also funding MSMEs. These will be fully guaranteed by Government of India.

2. Rs. 45,000 Crores partial credit guarantee scheme 2.0 for NBFCs. The first 20% loss will be borne by the guarantor that is Government of India.
3. For Discoms, a one-time emergency liquidity injection of Rs. 90,000 Crores against all their receivables. The states will guarantee it.

Other Details

1. An extension of up to 6 months (without costs to contractor) to be provided by all Central Government Agencies like Railways, Ministry of Road Transport & Highways, Central Public Works Dept.
2. On real estate, urban development ministry will issue advisory to states/UTs so that the regulators can invoke force majeure. The regulators can suo moto extend completion/registration dates for six months for projects expiring on or after March 25, 2020.
3. A reduction of 25% of existing rates of Tax Deducted at Source (TDS) & Tax Collection at Sources (TCS).
4. Due date of all Income Tax Return filings extended from July 31 to November 30. Vivaad se Vishwas scheme extended till December 31, 2020. Date of assessments getting barred as on Sep 30, 2020 extended to December 31, 2020. Date of assessments getting barred as on March 31, 2021 extended to September 30, 2021.

When the entire nation continued to be under lockdown due to the Covid 19 pandemic, our dairy industry has proved to be more resilient than many other sectors in terms of the extent of supply chain disruptions. Millions of our animal-owning households, the majority being smallholders, particularly those connected to producer-centric institutions continued to milk their cows and buffaloes, and sell the surplus to the village milk collection centres. Milk was then pooled, cooled, and transported to processing centres where it was pasteurised, packaged and dispatched to thousands of marketing outlets, finally finding its way to millions of homes.

Of course, during the initial phases of the lockdown restrictions, both milk procurement and sale of milk were impacted in several parts of the country due to supply chain disruptions. Information collected by National Dairy Development Board (NDDB) from the dairy cooperatives shows a decline in daily liquid milk sales by dairy cooperatives by about 15% in the Covid 19 lockdown period between March 1-15 and April 8-14, and a drop in the proportion of sales to procurement by about 8.8% during the same period. The liquid milk sales are showing signs of steady recovery, thanks to the

policy and proactive support of central and state governments, and the measures taken by producer-centric organisations to address supply chain challenges.

Disruption seems to have impacted the unorganised private players significantly as they have a higher share of products in their sales portfolio compared to the dairy co-operatives. It was, therefore, quite logical that the areas/milk sheds where private players had a stronger presence, milk got diverted to the dairy cooperatives as a result of which, producer price also got subdued due to the imbalance between demand and supply.

As news started trickling about supply chain disruptions, governments, both central, and some states, swung into action to ameliorate the situation. These interventions included making available low-cost working capital to producer-owned institutions to convert milk into skimmed milk powder (SMP) and milk fat, direct procurement of surplus milk for conversion and direct distribution to needy people.

To enhance the marketing of milk and milk products, many dairy organisations, initiated home delivery of milk and milk products through mobile carts, vans, e-commerce, etc. All these measures helped stabilise milk sales, opening up opportunities to use e-commerce. Many smart and progressive dairy farmers converted their surplus milk into khoa, paneer, ghee, etc, and sold it to the neighbourhood markets through informal channels. All these measures helped sustain dairy industry.

In contrast to sectors like construction, manufacturing, hotel, travel & tourism, etc, which are severely hit by the lockdown restrictions, dairy industry seems to have done remarkably well. Globally, Covid 19 impact has pushed many large commercial dairy farms even in the most dairy developed nations to the brink of closure, prompting governments to announce bailouts. Recently, Trump administration announced a bailout package of \$15.5 billion for the US dairy industry. The US is contemplating to purchase milk, convert it into commodities which could be used as international humanitarian aid.

In the present context, it makes smart business sense for our dairy industry to increase milk procurement for making SMP to meet the growing demand for milk and milk products. Milk procurement, during Covid 19 lockdown, despite market shocks indicates that dairies have started building up commodity stocks to meet lean season requirements. The stock of SMP as on April 1 was higher by about 25,000 MT as compared to March 1, and the estimated daily average SMP production has increased from 790 MT during March 1-15 to more than 1,000 MT during April 8-14.

India may consider reducing GST on ghee and milk fat, from 12% to 5% to bring it at par with the GST rate for SMP. This has been a long-standing demand of the dairy industry and will ultimately benefit milk producers, increase rural incomes, spur demand and hasten economic recovery.

During these difficult times of the dairy farmers, our cows and buffaloes must be taken care of, as any compromise on their feeding and health care would impact reproductive efficiency and productivity. Both governments and dairy cooperatives should provide these inputs and services to the farmers on subsidised rates or deferred payments basis. The country cannot afford to go through another phase of supply disruption resulting in pressures on availability and prices of milk.

Covid 19 crisis has witnessed reverse migration of labour force from urban to rural areas leading to social disruptions. On the positive side, we can look at this as an opportunity; these workers can be encouraged and incentivised to join their family agriculture/dairy farms.

Dairy Industry, for its sustenance and success in operations, is required to ensure efficient systems in Milk procurement, storing, testing, maintaining quality, uninterrupted supply of Milk etc.

Your Company focuses on transparent milk procurement systems at village level by way of setting up of 10,000 plus Hatsun Milk Banks (HMBs) encompassing 13,000 villages covering 4 Lakh plus farmers and ensuring payment to them for the Milk procured every 10 days without any disruption or delay with a track record of two decades. To overcome the challenges of logistics, quality, regular supply etc., of Milk, your Company operates in more than 1,100 Milk procurement routes both in the morning and evening to pick up Milk cans from HMBs and ensures the reaching of collected milk to the Chilling Centres on time, subjects the Milk collected for various testing for quality and stored in the Chilling Centres for off take.

The State-of-the-Art technologies introduced by your Company in the processes involved in preserving, processing and making Milk and Milk Products for consumption by the masses, zero tolerance on deficiencies, ensuring quality at all times, focus on implementation of latest available technologies, maintaining cordial relationship with farmers and ensuring prompt payment to them for their supplies on time, provision of complete package of forages and concentrate to the farmers towards best practices in animal husbandry, animal health care, artificial insemination, manufacture and sale of balanced Cattle Feed have made your Company stand unique and earned credibility in the Industry and in the minds of Public, These better practices coupled with strong

brand and varied product portfolio ensure better performance and profitability year on year basis and enable the Company meet adverse conditions confidently and overcome them ensuring a fair return to all the Stakeholders.

BUSINESS-WISE PERFORMANCE OF THE COMPANY

MILK AND CURD

Hatsun Agro Product Ltd (HAP) is one of the largest private sector dairy player in India listed its Shares in BSE Limited and National Stock Exchange of India Ltd.. HAP procures milk directly from over 4,00,000 farmers spread over 12,500 villages. Hatsun Milk Banks (HMBs) numbering about 10,000 and Active Bulk Chillers (ABC) numbering about 1000 are situated closer to the villages in the States of Tamil Nadu, Andhra Pradesh, Telangana, Karnataka and Maharashtra and receive the Milk from the farmers every day,

The two parameters tested for determining quality are Fat and SNF which allows the determination Price to be paid to the farmers. Farmers are paid on time every 10 days and the payment is made directly to their Bank Accounts using the State of the Art database of farmers. HAP operates more than 1,200 rural milk procurement routes with an assigned route plan. The route plan determines the pick-up timing and schedule which ensures the Milk procurement vehicles reach the Hatsun Milk Chilling Centres (CCs) right on time.

The average procurement by Hatsun during the FY 2019-20 was 27.26 LLPD as against 28.26 LLPD resulting in a decrease of 1.00 LLPD (decrease of 3.54 % compared to previous year). The reduction in procurement is mainly due to extended lean season during the last financial year. The State-of-the-Art Plants for processing and packaging the Milk and Milk products are situated in the States of Tamil Nadu, Andhra Pradesh, Telangana and Karnataka in strategic locations. Besides the above, the State-of-the-Art Plant for manufacturing Milk and Milk Products in the State of Maharashtra is ready and due to Covid 19 pandemic, manufacturing activities are yet to start.

HAP has in place, an advanced system of procuring and chilling the milk at the village level viz., Active Bulk Cooler (ABC) which is present in over 1000 locations. These chilling facilities improve the quality of milk and retain its freshness until they reach the Dairy Plants for further process. Farmers become more flexible in Milking their Cows. These facilitates instant chilling within 2 hours, increased quantity of Milk, prevention of spillage or spoilage and improve shelf life.

HAP markets its Milk and Curd through its popular brand names of "Arokya" and "Hatsun". While the Milk is marketed in four different variants viz., standard, full cream, toned and double toned, the Curd is marketed in the form of pouches ranging from 180 grams to 1 kg and cups ranging from 50 Gms to 400 Gms. Both Milk and Curd are being sold across Tamil Nadu, Andhra Pradesh, Telangana, Karnataka and Maharashtra through its wide logistics and distribution networks.

ICE CREAMS

HAP strongly holds two popular brands "Arun" and "IBACO". The Arun Icecreams brand enjoys dominant position across South India. The brand's promise has always been to give customers more choices, which is why Arun Ice creams has come out with a range of new products and flavours.

HAP produces various innovative Ice Cream varieties in Bars and Cones. The Company has installed state-of-art extrusion machine to increase overall productivity and manufacture different varieties of Ice Creams.

HAP is leveraging mega cold storages situated at Karur and Palacode Districts, to meet its peak Ice Cream demand during the summer months of April and May.

IBACO has gone on to become one of the most beloved brands of ice cream. Overwhelmingly positive customer feedback has led to the launch of many parlours, new product offerings, and fresh, exciting flavours. Rest assured, the brand will keep innovating well into the future.

OTHER MILK PRODUCTS

GHEE, PANEER, BUTTER, SKIMMED MILK POWDER, YOGHURT, DAIRY WHITENER, DAIRY CREAMER, LASSI, BUTTER MILK AND FLAVOURED MILK.

Under the Hatsun brand, the company continues to come out with products to satisfy every consumer need. The range includes Curd, Ghee, Cooking Butter, Table Butter, Lassi, Buttermilk, Paneer, Yoghurt Shakes, Yoghurt Tops, Shrikand and Cheese Spread to name a few. These products are ideal for a variety of cooking and consumption requirements - be it preparing a delicious dish or if consumers are looking for ways to cool down during the intense summer heat.

The newly launched Hatsun Cow Milk is a unique product. The milk being pasteurised and packed under hygienic conditions with nothing added or removed. The milk will leave a thick layer of cream while boiling.

CATTLE FEED

A team of agronomists help cultivate cattle feed in the most economic way possible. It also meets the nutritional requirements of the animals. Under the brand Santosa, HAP also manufactures and sells cattle feed to farmers based on their need.

HAP has a plant with state-of-the-art facility in Tamil Nadu to manufacture Cattle Feed with an installed capacity of 24,000 tonnes per month. These cattle feeds are supplied to farmers who are regularly supplying milk to HAP and the recoveries for such feed are made against the supply of milk by the farmers.

READY TO EAT

Oyalo offers customers, a range of delicious 100% vegetarian pizzas. Expert chefs handpick each ingredient, and also make the pizza spread. They also make the cheese in-house, giving each pizza a unique flavour like none other. With variants like Tandoori Paneer, Creamy Macaroni, Smoky BBQ Paneer and Piri Piri Corn to name a few, customers can look forward to a plethora of options.

The brand has added new variants like Giardino Feast and Spicy Paneer Twist - adding an element of surprise. Oyalo also offers delicious pasta and indulgent lava cakes.

ANIMAL HUSBANDRY

The Animal Husbandry team is key to increasing profitability of dairy farms by increasing milk production efficiency and reducing costs. Working closely with the feed team, professionals working in Animal Husbandry provide farmers with a complete package of forages and concentrates. Besides this, qualified animal health professionals hired by the Company ensure the health of animals to enable the farmers supply the quality Milk to the Company uninterruptedly. They also educate the farmers on the practice of best ways to prevent ailments to the Cattle.

A trained team of inseminators visit the villages to provide AI services from quality bulls. The goal of this process is to ensure that milch cows produce a calf every year with better genetic qualities. All the Cattle are managed efficiently with first of its kind Cattle Management System. They are tagged and their data recorded. The Company works closely with large farms to source appropriate technology that will help reduce labour and uses powerful tools to help monitor bulls and improve their productivity which contribute to reduction in cost and improving profitability.

FINANCIAL PERFORMANCE

The financial performance is covered in the Directors' Report and can be referred to in the said Report.

DETAILS OF SIGNIFICANT CHANGES (i.e., CHANGE OF 25% OR MORE AS COMPARED TO THE**IMMEDIATELY PREVIOUS FINANCIAL YEAR)IN KEY FINANCIAL RATIOS WITH EXPLANATION:**

(i) Debtors Turnover Ratio (in Days)- This stands at 1.00 compared to the previous year's 0.63. There is a significant change to the extent of 58.73 percent. The main reason for the increase is due to Sales in B2B during the year end which carries an average credit period of 20 days. However, all the outstanding have been collected in April 2020 itself.

(ii) Inventory Turnover Ratio – This stands at 9.68 compared to previous year's 8.49. There is a change to the extent of 14.02 percent. There is no significant change.

(iii) Interest Coverage Ratio – This stands at 2.48 compared to previous year's figure of 2.88. The change is 13.88 percent. The decrease in coverage ratio is mainly due to reduction in Debt on account of receipt of Rights Call Money during the financial year.

(iv) Current Ratio – This stands at 0.52 compared to previous year's figure of 0.60. The change is 13.33 percent. This is mainly due to increase in Short Term Debt to meet the business requirements.

(v) Total Debt to Equity Ratio – This stands at 1.32 compared to previous year's figure of 1.28. The change is 3.12 percent which is not significant.

(vi) Operating Profit Margin (%) – This stands at 2.95 compared to previous year's figure of 3.39. The change is 12.97% which is not significant. This is mainly due to reduction in Milk procurement volume on account of extended Lean Season which has increased the landing cost of the Milk.

(vii) Net Profit Margin (%) – This stands at 2.12 compared to previous year's figure of 2.41. The change is 12.03 percent due to reduction in Milk procurement volume on account of extended Lean Season which has increased the landing cost of the Milk

DETAILS OF ANY CHANGE IN RETURN ON NET WORTH AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR ALONG WITH A DETAILED EXPLANATION THEREOF.

During the financial year under review, the Company has received Rs105.48 Crores through the Call made on the partly paid up Rights Equity Shares allotted in the year 2018. This is 20% of the Issued value and the balance money of Rs. 8.21 Lakhs is likely to be

received before the date of Annual General Meeting of the Company for the year 2020. This money has been fully utilised to repay the long term and short term debts. This has also increased the Net worth value.

OPPORTUNITIES

With a burgeoning population, there is a corresponding rise in food demand in India. However, the negative externalities of the Green Revolution, particularly the environmental trade-offs and staple cereals fundamentalism, have since been realised. It is thus desirable to switch over to a suitable model with a far stronger nutrition focus where diets are more diverse. A post-COVID situation offers that unique opportunity to re-purpose the existing food and agriculture policies for a healthier population.

There have been global concerns, rather speculations, on restriction of exports of agricultural commodities by a few global players. India, being trade-surplus on commodities like rice, meat, milk products, tea, honey, horticultural products, etc. may seize the opportunities by exporting such products with a stable agri-exports policy. India's agricultural exports are valued at 38 billion US Dollars in 2018-19 and can rise up further with conducive policies. Development of export-supportive infrastructure and logistics would need investments and support of the private sector that will be in the long term interests of farmers in boosting their income.

Many climate models predict a favorable monsoon in the 2020 season (the India Meteorological Department has also since officially announced) as the El-Nino weather phenomenon, that disrupts rainfall in India, is not evident. This is indeed a good news in the COVID scenario, assuming agriculture can practice largely unscathed.

Good news is that Government of India has now increased its focus on nutrition (besides food) security and raising farmers' income (rather than enhancing farm productivity). Changing the consumer behavior with suitable programs and incentives is already in the agenda.

Covid 19 pandemic has thrown up the real possibility for our dairy industry to benefit as large sections of consumers may shift from meat-based to dairy-based protein. Covid 19 has made people more aware of the need to adopt a healthy diet.

India may consider reducing GST on ghee and milk fat, from 12% to 5% to bring it at par with the GST rate for SMP. This has been a long-standing demand of the dairy industry and will ultimately benefit milk producers, increase rural incomes, spur demand and hasten economic recovery.

Moreover, Milk is a regular part of the dietary programme, which results in steady rise in milk consumption and hence demand is likely to rise continuously despite the temporary setbacks on transportation due to Covid 19 Pandemic (which also was effectively addressed during the difficult times) and there is substantial growth potential for your Company. Though there are job losses for many and reduced Income in the hands of the people, particularly the working class, Milk and Milk products have become essential commodities to consume in day to day life of people. The measures taken by the Governments both at the Central and State level will definitely reduce the problems of the masses, create job opportunities post Covid scenario and the economic activities will bounce back ensuring continued demand for Milk and Milk products.

Despite the intense Competition, there is a phenomenal scope for expansion in other States of India where the Consumer behaviour is changing replicating the urban consumption pattern and scope for innovations in new and varied product development, packaging and presentation. Considering the changing consumption pattern and choices of food product among the public, with the available technology and availability of balancing equipment, the flexibility of product mix is tremendous and the Company can keep on adding new products to its product line. Installation of state-of-the-art machineries fully/semi automated add to the productivity and reduction in cost.

Your Company effectively handled the situation forced upon it at the time of Covid Pandemic and lock downs announced by the Government. It ensured procurement and supply of Milk and Milk Products to the Consumers as usual despite difficulties faced in transportation. Thanks to the status enjoyed by the Company that it is in to providing essential services to the Public, the Company overcame the challenges posed by Covid 19. Your Company has taken necessary steps to reduce the Cost involved in manufacturing and supplying the Milk and Milk products and constantly endeavours to utilise the opportunities thrown in this Pandemic situation. Your Company strongly believes that still there is enormous scope seen ahead before the dairy industry for Milk and value-added products including custards, desserts, puddings, sauces, mousse, stirred yogurt and nectars and there will be an increase in demand for processed and packaged dairy produce post Covid 19 scenario in urban centres due to the change in food habits and health awareness created by the Pandemic. Your Company has entered new markets and has established its presence in the State of Maharashtra.

The main advantage of your Company's strength lies in its efficient and effective supply of manufactured products and cold chain management which facilitates wide reach and targeted coverage in its markets. Your Company has a professionally trained, technical

human resource pool, built over years to meet the challenges in the dairy industry and they do work as a team for the attainment of organisational objectives.

THREATS

The ongoing health crisis around Covid19 has affected all walks of life. Protecting lives of people suffering from the disease as well as frontline health responders have been the priority of nations. Governments have swung into actions since the Corona virus attack created an unprecedented situation. India declared a nation-wide lockdown till mid-April in the initial phase, which has subsequently been extended till the end of May for achieving satisfactory containment of the virus spread.

In spite of all these measures and in view of continuing restrictions on movements of people and vehicular traffic, concerns have been raised regarding negative implications of Covid 19 pandemic on the farm economy. Any severe disruption to the supply of perishables like dairy products, having been mobilised to meet the increasing demand from a bulging middle class as well as urban and rural consumers, may create irreparable damage to all actors in the supply chain.

Making the Milk and Milk Products and other essential items available to consumers, both in rural and urban areas, is the most critical challenge for Government machinery during the lockdown period. Smooth functioning of the supply chain, with adequate safety measures for the people involved, is of paramount importance. Transportation of public distribution system (PDS) items to last mile delivery agents, by both rail and road, has to be ensured by respective Government agencies. Distribution of the commodities to vulnerable population, while maintaining prescribed guidelines and protocol, particularly of social distancing, must be effectively monitored.

The Union Home Ministry's circular waiving restrictions on the inter and intra-state movements of essential commodities, farmers/laborers, as well as harvesting and related farm machines, is indeed a step in right direction.

The sale of dairy products; fish; poultry, etc. has also been hit during the lockdown period as the uptake by the organised industry players has been affected due to shortage of workforce and transport issues.

As weather has been very erratic over past few months in many parts, harvested produce must also be protected from such risks.

Covid 19 situation may result in change in consumer behavior due to restrictions on movement, visit to Shopping Malls, Cinema

Theatres, Programmes, Hotels, Restaurants etc., where the gatherings would normally happen and parties celebrated. Besides, people may not assemble even for events like Marriages, Meetings, functions, Parties etc., and the visit to Restaurants for eating by all sections of the Society may be impacted due to the fear of existence of Virus Corona. Now, the WHO (World Health Organisation) has spelt it out that Corona Virus cannot be eradicated/removed and the People have to learn to live with that. In this scenario, consumption pattern of people like consuming Cold beverages, Ice Creams etc., may be impacted and the volumes of sales as happened in the previous years may not be continued and there is a threat looming large that the production of those items would be hit and the products produced already may go waste.

This unprecedented Covid 19 impact, coupled with already existing Climate change and scarcity of water are the major threats to the dairy industry. Milk production could go down by 3 million tonnes over the next two years as the average temperatures rise, creating problems of water scarcity and reduced availability of green and dry fodder for the cattle. Dairy companies' manufacturing operations are largely dependent on the supply of milk, which is the primary raw material for all the dairy products. Given the seasonal nature of the dairy industry, cattle farming patterns, availability of raw milk keeps on fluctuating which thereby could adversely impact the running of its operations.

The market is highly fragmented with the presence of numerous small and large manufacturers who compete in terms of prices and quality. There is a rigid competition in the market which makes it tough for small players to survive.

It is expected that the competition will increase steadily as more and more companies targeting dairy sector and few MNCs too eyeing for increasing their market share. Large established players are launching new products.

Today the challenges that Indian dairy industry predominantly faces is the clean milk production, preservation of raw milk, adoption of newer processing methods, mechanization of indigenous dairy based products, new product development with value-addition, cost reduction of dairy products, storage and packaging technologies, promoting export of dairy products, energy saving, environment-friendly effluent treatment methods, reducing carbon foot print etc.,

The quality of milk produced needs upgradation to avoid the wastage from spoilage of the perishable dairy commodities. The Indian dairy industry is becoming very competitive to compete in the global market, especially with the advent of "Foreign Direct Investment" (FDI).

There is a gross lack of awareness among farmers about the quality parameters, including microbiological and chemical contaminants as well as residual antibiotics. Milk, being a highly perishable commodity, needs efficient cold chain management that can be provided only by organised players as the same involves more capital investments. Your Company is continuously developing and applying scientific methods to improve the quality of milk processed and extend its shelf life. Lack of proper infrastructure facilities like good roads, continuous power supply and adequate transport support is another major deterrent faced by the Dairy Industry.

Your Company has been leveraging on the improvement given its economies of scale and with its inherent ability to adopt new technologies, which involves large investment in the production and distribution infrastructure affordable only by bigger companies like us.

Your Company is focusing on the consistent availability and procurement of quality milk throughout the year by improving the per capita yield of animals by applying scientific methods, genetic improvement, scientific feeding, properly managed animal husbandry practices etc., Your Company constantly educates the farmers on how to maintain quality and improve milk yield by arranging supply of good quality feeds to farmers.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The CEO and CFO certification provided in the CEO and CFO certification section of the Annual Report discusses the adequacy of our internal control systems and procedures.

INFORMATION TECHNOLOGY

Successful implementation of SAP ERP facilitates an effective online MIS system, which helps in centralised control of operations at all the units of the Company. Your Company constantly upgrades and reconfigures this application to effectively monitor the increasing scale of operations of the Company. The hardware and network infrastructure is being constantly reviewed to increase the bandwidth and reduce operational costs. This is an ongoing process and your Company is committed to leverage the benefits of IT to enhance and optimise benefits to itself and its customers. Constant training and guidance has been provided to all the end users.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Your Company values its human resource as the most significant asset and the key focus is to attract, retain and develop talent as a resource. Your Company provides a congenial working atmosphere

which will foster creative thinking. As part of manpower development and to enhance operational efficiency, training programmes have been organised for employees at all levels, wherever necessary.

The HR programmes of the Company focus on building capabilities and engaging employees through various initiatives to help the organisation consolidate and achieve sustainable future growth for the business.

Industrial Relations remained cordial at all the manufacturing locations during the year.

Effective employee communication through various channels ensured that all the employees are kept abreast of the current business situation. This has helped your Company to build mutual trust and confidence with the employees. The total strength of the Company as on 31st March, 2020 was 4864.

OUTLOOK AND RISKS & CONCERNS ARE COVERED UNDER OPPORTUNITIES AND THREATS. FORWARD LOOKING STATEMENTS

Statements in this report describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations that involve risks and uncertainties. Such statements represent the intention of the Management and the efforts being put into place by them to achieve certain goals. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances. Therefore, the investors are requested to make their own independent assessments and judgments by considering all relevant factors before making any investment decision.

BUSINESS RESPONSIBILITY REPORT (BRR)

Your Company being among the top 1000 entities based on Market Capitalisation presents this Business Responsibility Report as required under Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

This report has been prepared on the basis of the following Principles which are prescribed by SEBI vide its Circular CIR/CFD/CMD/10/2015 dated November 04, 2015.

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
P5	Businesses should respect and promote human rights
P6	Business should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

S. No.	Particulars	Details	
1	Corporate Identity Number (CIN) of the Company	L15499TN1986PLC012747	
2	Name of the Company	HATSUN AGRO PRODUCT LIMITED	
3	Registered address	No.1/20A, Domaine, Rajiv Gandhi Salai (OMR), Karapakkam, Chennai - 600 097.	
4	Website	www.hap.in	
5	E-mail id	secretarial@hap.in	
6	Financial Year reported	2019-2020 (01st April, 2019 to 31st March, 2020)	
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Dairy Industry (covered under various codes as specified under NIC 1987 covering Dairy Industry) NIC 10501 – Pasteurised Milk NIC 10502 – Milk Powder NIC 10504 – Butter, Curd and Ghee NIC 10505 – Ice Cream NIC 10509 – Other Dairy Products	
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Milk	Standardized, Toned, Full Cream
		Milk Products	Curd, Ghee, Dairy Whitener, Paneer
		Ice Cream	Broad range of Ice Cream varieties sold in the form of Cones, Cups, Tubs, Sticks and Scoops.
9	Total number of locations where business activity is undertaken by the Company	The Company's businesses and operations are spread across the country. Please refer to the Annual Report 2020 for details on business locations of the Company.	

	(a) Number of International Locations (Provide details of major 5)	Not Applicable.
	(b) Number of National Locations	Please refer to “Corporate Governance Report – Plant Locations” of the Annual Report 2020 for details on business locations of the Company.
10	Markets served by the Company: Local/State/National/International	Company’s products have a national presence and its wide range of products are being sold across geographies in India.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

S. No.	Particulars	Details
1	Paid up Capital (INR) (As on 31.03.2020)	INR 16.17 Crores
2	Total Turnover (INR) (As on 31.03.2020)	INR 5,316.99 Crores
3	Total profit after taxes (INR) (As on 31.03.2020)	INR 112.27 Crores
4	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) (For FY 2019-2020)	INR 6.41 Crores (5.70% of PAT and 4.09% of PBT)
5	List of activities in which expenditure in 4 above has been incurred:-	An amount of INR 6.29 Crores has been given as contribution to HAP Sports Trust, a Charitable Sports Trust set up with the objective of undertaking charitable and socially relevant activities in the field of Sports including establishment of and operation of a sports development centre which is in the interest and the well being of the society, as approved by Shareholders by postal ballot on 6th October, 2016 and INR 0.12 Crore towards Eradicating Hunger, Poverty, Malnutrition, Promoting Health Care, Sanitation, provision of Safe Drinking Water, Promotion of Rural development projects, Education and protection of environment in the Districts of Kanchipuram, Ponneri Taluka, Desur Panchayat in the District of Thiruvannamalai and Palacode in the district of Dharmapuri in the State of Tamil Nadu and donation to Cyclone Relief Fund to the State of Karnataka. For detailed report on CSR, please refer to Annexure B of Board’s Report.

SECTION C: OTHER DETAILS

S. No.	Particulars	Details
1	Does the Company have any Subsidiary Company/Companies?	The Company is a standalone entity and does not have any subsidiary companies.
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(ies)	Not Applicable
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with/participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	Your Company works with stakeholders in its extended value chain through its business responsibility initiatives. Supply chain sustainability issues can impact our operations. Suppliers, distributors etc. are critical to our operations. For Operational issues, we engage with our suppliers to sort out the Operational issues through various channels. Awareness on Environmental and Social Issues are provided to our Suppliers and Vendors. Meeting with Vendors are used as a platform to raise awareness on health & safety, environmental and community initiatives of the Company. While it is difficult to estimate the percentage, the Company actively encourages adoption of BR initiatives by our Business Partners.

	9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options): Not Applicable		Hatsun's Codes of Conduct are being reviewed through in-house audit function. The Quality, Safety, Health and Environmental policies are subject to internal and external audits as part of certification process.								
3.	Governance related to BR										
	(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	The Board reviews the BR performance at least annually.								
	(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	This is the fourth year of publishing the Business Responsibility Report and it is available on the company's website as part of the Annual Report 2019-2020. http://hap.in/annual-report.html								

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Your Company's Code of Conduct provides guidelines on ethics, bribery and corruption. The Code of Conduct is binding on Hatsun's employees only. However, the guidelines are communicated to most of our key associates like vendors, suppliers etc., and it is expected that they will follow it in their interactions with Hatsun. Hatsun has taken significant steps to ensure that our members understand and practice our Code of Conduct.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company has internal and external mechanism for investigation of all complaints as these have significant bearing on individuals as well as the organisation. The Company invests a lot of resources in maintaining its Code of Conduct.

During the past financial year, there were no complaints received from the stakeholders and no investor complaint was pending disposal at the end of the year.

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

All of our products are based on bountiful produce that nature generously provides to us and the Company constantly strives to ensure that all the products and services are designed to address social and environmental concerns. Our dairy products are dependent on nature to a large extent and the Company has been continuously advocating on efficient and prudent use of natural resources, especially that of encouraging and educating farmers to take care of milch animals and teaching them best ways to prevent common ailments for their Cattle. Resource efficiency is integrated into our product and process design and is a critical component in the creation of physical infrastructure, operations, logistics and management. Our products being dairy products fulfill the nutrition requirement of all age groups providing the benefit of milk protein along with goodness of calcium.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

**a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?
and**

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

All of our processes are directed towards efficient utilisation of resources and the Company constantly strives to ensure that all the products are produced with optimum use of energy and other natural resources.

The Company has been consistently increasing its milk procurement volumes in various regions and geographies in order to bring down the supply chain and processing costs. The sustainable principles adopted by Hatsun in its milk procurement process has increased the savings in terms of bringing down the freight cost and banking on higher utilisation of processing facilities which has led to creation of an eco system in its process.

The quantitative details on reduction in energy consumption are detailed in Annexure G to the Board's Report.

biogas power generation:

The Company uses both aerobic and anaerobic treatment at our Effluent Treatment Plant (ETP) process. The Chemical Oxygen Demand (COD) and Biological Oxygen Demand (BOD) is let down to the lower level keeping flora and fauna healthy. During the anaerobic process, the COD and BOD are converted to methane and other organic gases which are being used to generate power. For the FY 2019/20, we have generated 1.23 Lakh UNITS (In Value Rs. 8,02,232/-) of power through Bio DG using Methane gas which has saved us appx 57 Tons of fossil fuel, thus minimising our carbon prints equivalent to 171 tons of carbon dioxide emission to atmosphere.

Hot Water generation from biogas (Methane):

For the FY 2019/20, we have generated 11600 KL of hot water using Methane gas (Temp 30 ° C – 60 ° C), which has given us savings of appx 230 Tons (In Value Rs. 6,92,400/-) of fire wood, thus minimising our carbon foot equivalent to 380 Tons of carbon dioxide emission to atmosphere.

Solar Hot Water Generation:

At our Salem Plant, Solar Hot Water generation has been placed to save energy. The hot water obtained from the Solar panels is catering to our CIP as well to the boiler make up water at 85°C. We have commissioned this Solar Hot Water Generation system in September 2016 and energy saved from then is 337 Million KCal per annum having saved 104 tons of coal and reduced 312 tons of Carbon Dioxide emission into the environment.

Solar Steam Generation:

At our Salem Plant, Solar Parabolic Trough Steam generation has been placed to save energy. The Steam obtained from the Solar Parabolic Trough is catering to our Milk Powder plant at 17 bar g/ 170°C. We have commissioned this Solar Parabolic Trough system in March 2018 and energy saved from then is 135 Million

KCal per annum having saved 41 Tons of coal and reduced 123 Tons of Carbon Dioxide emission into the environment.

Solid waste disposal:

Solid Wastes are generated in the process of manufacturing Milk and Milk Products. The waste generated are used as bio fuel for captive consumption. Using POLY HOUSE Technology 43 Tons of ETP scum were dried and used as boiler fuel, thus saving appx 40 Tons of fossil fuel which in turn has minimised our Carbon foot prints equivalent to 120 Ton of carbon dioxide emission in to the atmosphere.

Water recycling and re use:

We have recycled 46511 KL (In Cost Rs. 20.83 Lakhs) of our trade effluent in FY 2019/20 using MBR+RO treatment technology. Recycled water was reused within our plants in Non-Food contact areas. Water conservation and Reuse has given us substantial environmental benefits since it has reduced our waste water discharge to the environment minimising the pollution to the surroundings. Water conservation and reuse has brought down our dependency over purchase of Water from outside and this has improved the ground water table in and around our Manufacturing facilities.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Milk being most susceptible to contamination, it is very essential that it has to be moved to the chilling centre within hours of procurement to avoid spoilage of this natural resource. Hatsun focuses on direct milk procurement from farmers and has state-of-art logistics infrastructure to transport the milk to the nearest chilling centre.

Hatsun has crafted extensive strategies to ensure that sustainable methods are being put in place in the procurement process, that the fresh milk from the farmers reaches the hands of millions of people in quick turnaround time.

Considering these efforts, milk procurement is done in a sustainable way which contributes to 72% of overall procurement.

4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company works with farmer communities to ensure sustainable production in the long-term. The Company procures its total raw material indigenously and touches the lives of millions of farmers, and practices a strong preference for local procurement of raw materials. Over the last two decades, Hatsun, through its milk procurement network, has built a reputation as a brand that stands for trust and transparency amongst farmers in South India.

Building on its reputation and advocacy of transparency in its milk procurement process, farmers look forward towards Hatsun entering their village for milk procurement which has made the Company to create the largest direct milk procurement network of ~2.73mn litres per day amongst private dairy companies.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)? Also, provide details thereof, in about 50 words or so.

Since we are dairy based company, our products are of perishable nature (consumption base) they are not meant to be recycled. However during our production process we recycle effluent water used in our production facilities to the extent of 10% which is used

for washing milk storage tankers and crates. The rejected packing materials by our quality control team is disposed to an authorised recycling dealer and it is ensured that it is being disposed of in compliance with Plastic Waste (Management and Handling) Rules, 2011.

Solid Waste Disposal

On a trial basis, one of the Plants was engaged to make natural manure from our waste resources like, fly ash from boiler, sludge milk, waste ice cream mix and waste curd and other microbial ingredients. The wastes mentioned were made into compost and converted to natural manure which has rich NPK values analysed by one of the reputed Agricultural University. The Company plans to pursue these waste recycling/disposal practices across all our Plants in the near future.

Principle 3

S.No.	Particular	Details
1	Please indicate the Total number of employees	4,864
2	Please indicate the Total number of employees hired on temporary/contractual/casual basis	5,460
3	Please indicate the Number of permanent women employees.	140
4	Please indicate the Number of permanent employees with disabilities.	NIL
5	Do you have an employee association that is recognised by management?	None
6	What percentages of your permanent employees are members of this recognised employee association?	Not Applicable
7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	No complaints relating to child labour, forced labour, involuntary labour, sexual harassment are pending as of 31-Mar-2020
8	What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year? (a) Permanent Employees (b) Permanent Women Employees (c) Casual/Temporary/Contractual Employees (d) Employees with Disabilities	100% 100% 100% employees receive training as part of their induction. Not Applicable

Principle 4

1. Has the Company mapped its internal and external stakeholders?

Yes, as a result of regular and extensive stakeholder engagement, the Company's business operations have evolved, balancing business priorities and responsibility towards economic, environmental and social sustainability. Your Company actively

engages with stakeholders in its own operations and beyond to bring transformational change. Internal and external stakeholder engagement and partnership is essential to grow your Company's business and to reach the ambitious targets set. The Company builds trust through productive relationships, fosters working partnerships and considers stakeholders both internal and external as integral to its business.

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?

Yes.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders?

Dairying has become an important secondary source of income for millions of rural families and has assumed the most important role in providing employment and income generating opportunities particularly for marginal and women farmers. Hatsun through its milk procurement network has built a reputation as a brand that stands for trust and transparency amongst farmers in South India. Building on its reputation and advocacy of transparency in its milk procurement process, farmers look forward towards Hatsun entering their village for milk procurement which has made the Company to create the largest direct milk procurement network of ~2.73mn litres per day amongst private dairy companies.

As the Company sells its Feed only to its own farmers directly avoiding any middlemen and the recoveries are made against supply of milk, the cash transactions are totally avoided with zero receivables.

The Company has assigned a team of veterinary doctors to take care of milch animals of all the farmers associated with the Company and has also arranged for trained inseminators to visit the villages to carry out artificial insemination on the animals to ensure that the milch animals produce at least one calf every year. Apart from the above your Company has commissioned a team of agricultural graduates to help farmers to cultivate their fodder and source appropriate technology to assist farmers to automate their farms to an optimum level. The Company has also commissioned a team of agronomists to help farmers cultivate fodder in the most economical way to meet the nutritional requirement of the cows.

Principle 5

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Hatsun's Code of Conduct covers the guidelines on human rights and it is applicable to all the employees of Hatsun. The Code of Conduct, Whistle-Blower Policy and Policy on Prevention and Redressal of Sexual Harassment at work place provide many options to speak up fearlessly and to report any violations of the Code/Policies, or share their concerns confidentially through various modes such as email, website, helpline, complaint drop box and access to Committee members and to the management.

The Code/Policies of Hatsun is/are binding to all Hatsun employees only. However, the guidelines are communicated to most of our key associates like vendors, suppliers etc., and they are encouraged to follow them in their interactions with Hatsun.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

During the past financial year, the Company did not receive any complaints with regard to human rights.

Principle 6

1. Does the policy relate to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The Company is committed towards environmental sustainability and takes pride in tapping the resources in all forms solid, liquid and gaseous towards protection of environment. The Company has contributed in various ways towards environmental protection and sustainability by not only ensuring efficient use of resources but also implementing methods to preserve natural resources.

The Code/Policies of Hatsun are binding to all Hatsun employees only. However, the guidelines are communicated to most of our key associates like vendors, suppliers etc.,and they are encouraged to follow them in their interactions with Hatsun.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for web page etc.

Yes, Hatsun has been working on climate change issues by improving its process efficiency and taking initiatives in energy efficiency, developing green zones at units and water conservation etc. In order to streamline the efforts and set common objective, a Safety, Health and Environment Policy (SHE Policy) has been prepared. The same can be viewed at <https://www.hap.in/pdf/policies/SHE-Policy.pdf>.

3. Does the Company identify and assess potential environmental risks?

Yes, potential aspects related to environment are identified and evaluated for their impact on the basis of severity, scale and probability. All the significant aspects have operational control procedure in place.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

NA

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes. For eg. Hatsun has taken other initiatives for energy efficiency by setting up Solar Panels at our Salem Plant, which generates hot water through Solar Panels to save energy. The hot water obtained from the Solar Panels is catering to our CIP as well as to the boiler at 800C. This will be extended to all the possible plants to protect the environment. Besides the above, Hatsun has taken initiatives in generating power from Biogas (Methane) and using Solid waste as boiler fuel resulting in energy efficiency.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes. All the units are complying with the norms of CPCB and SPCB.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

During FY 2019-2020, the Company did not receive any show cause/legal notices from CPCB/SPCB which are pending as on 31-Mar-2020.

Principle 7

1. Is your Company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:

Hatsun ensures that its policy is with the highest degree of responsible and ethical behaviour and works with collective platforms such as trade and industry chambers and associations to raise matters with the relevant government bodies. Hatsun is a member of

- (a) Indian Dairy Association (IDA)
- (b) Indian Ice Cream Association (IICMA)
- (b) Tamil Nadu Chamber of Commerce (TNCC)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others):

Hatsun is associated with above institutions with an intention of mutual learning and contribution in development of processes.

Principle 8

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof?

The Company considers the Society as one of the most important stakeholder as it moves with the local community namely the Farmers who are the main contributor to the business of the Company. The Company takes care of sustaining the secured livelihood of the farmers as they not only get paid honestly for the quality of milk they supply which encourages them to be the long standing supplier to us but also improve their milk yield from their cattle by arranging supply of quality feeds.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?

The company employs a thoroughly professional Animal Husbandry team. For farmers who do not have access to reliable irrigation, Hatsun is initiating a trial on the feasibility of producing and feeding silage to the cattle. With an aim to maximise farmers'

profits, the animal husbandry team works closely with the cattle feed team to provide farmers with a complete nutrition package of forages and concentrates. Hatsun has also commissioned a team of agronomists to help farmers cultivate fodder in the most economical way to meet the nutritional requirement of the cows.

3. Have you done any impact assessment of your initiative?

So far no formal impact assessment has been carried out as these initiatives were introduced on trial basis.

4. What is your Company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken?

These are detailed in ANNEXURE – B to the Board's Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

The Company has commissioned a team of agricultural graduates to help farmers to cultivate their fodder and source appropriate technology to assist farmers to automate their farms to an optimum level. The Company has also commissioned a team of agronomists to help farmers cultivate fodder in the most economical way to meet the nutritional requirement of the cows.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

As of 31st March 2020, the Company has no pending consumer complaints.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks(additional information)

Hatsun adheres to all the applicable regulations regarding product labelling and displays relevant information on it to enable safe and effective usage of its products.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No case filed by any stakeholder related to the mentioned subject is pending as at the end of financial year ended on March 31, 2020.

4. Did your Company carry out any consumer survey/consumer satisfaction trends?

Consumer satisfaction is important for business. Hatsun connects with consumer with multiple touch points. The Company has set up a dedicated help line toll free number to address all consumer complaints and to receive feedbacks.

INDEPENDENT AUDITOR'S REPORT

To The Members of Hatsun Agro Product Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Hatsun Agro Product Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p>Impairment assessment of a project under Capital Work in Progress due to delay in commissioning:</p> <p>The Company had set up a green field project, which was planned to be commissioned during the year 2018-19. However, the project was put on hold due to a dispute over the legality of the ownership of a small portion of land passing through the project site. Due to delays in commencement of the project, the Company relocated certain movable assets purchased for this project to another similar project and considered an alternate business plan for this project.</p> <p>The carrying value of land and capital work in progress as at March 31, 2020 aggregates Rs. 4,175 Lakhs, as included in Note 3(ii) of the financial statements.</p> <p>The Company is legally contesting the claims and has obtained legal opinion to support the merits of the case and has, during the year, also obtained regulatory approvals to commence the operations at the site. The delay in commissioning the project and the consequent amendment in the business plan were considered to represent impairment indicators.</p> <p>The process of determining the recoverable amount of such project under progress by the management involves significant judgement and estimation.</p> <p>Considering the legal issues, delays involved and significant management judgement in the assessment of impairment, this matter has been identified as a key audit matter for the year.</p>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> ✦ Evaluated the design and implementation and tested the operating effectiveness of the controls in respect of impairment assessment of capital work-in-progress by the management, which inter-alia includes test of reasonableness of the input data considered and assumptions used in determining the present value of future cash flows. ✦ Obtained an understanding of the status of the project and of the legal dispute through discussions with the project manager. Also, obtained and evaluated the outcome of the legal matter by obtaining a direct legal representation from the Company's external legal counsel. ✦ Verified if the cash flow projections considered for the assessment of impairment were as per cash flow projections as reviewed and approved by the Board of Directors of the Company. ✦ Evaluated and tested the appropriateness of key assumptions considered by the Management, including discount rate, growth rate, performed sensitivity analysis of the key assumptions etc. duly considering the impact of Covid 19 pandemic and compared the assumptions with publicly available data.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report, Corporate Governance Report, Management Discussion and Analysis and Business Responsibility Report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced.

We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit report, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sd/-
Ananthi Amarnath
(Partner)
(Membership No. 209252)
(UDIN: 20209252AAAAFX5212)

Place: Chennai
Date: 23rd June, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Hatsun Agro Product Limited** ("the Company") as of March 31, 2020, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing

and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on "the criteria for internal financial control over financial reporting established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial

Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.”

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sd/-
Ananthi Amarnath
(Partner)
(Membership No. 209252)
(UDIN: 20209252AAAAFX5212)

Place: Chennai

Date: 23 June 2020

ANNEXURE “B” TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a program of verification of property, plant and equipment to cover all the items in a phased manner over a period of (three years once) which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/transfer deed/conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for borrowings, are held in the name of the Company based on the confirmations directly received by us from the lenders. In respect of immovable properties of buildings that have been taken on lease and disclosed as Right of Use assets in the financial statements, the lease agreements are in the name of the Company.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 related to manufacture of milk powder, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Cess and other material statutory dues in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax and Goods and Services Tax as on 31 March 2020 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

- (ix) In our opinion and according to the information and explanations given to us, money raised by way of further public offer (Rights Issue) and the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sd/-
Ananthi Amarnath
(Partner)
(Membership No. 209252)
(UDIN: 20209252AAAAFX5212)

Place: Chennai

Date: 23 June 2020

BALANCE SHEET AS OF MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	NOTES	AS AT MARCH 31, 2020	AS AT MARCH 31, 2019
ASSETS			
Non Current Assets			
(a) Property, plant and equipment	3	151,221.80	139,528.04
(b) Right of use assets	4C	23,113.01	-
(c) Capital work in progress	3 (ii)	35,457.37	23,315.09
(d) Goodwill	4A	774.12	774.12
(e) Other Intangible assets	4B	468.76	478.51
(f) Financial assets			
(i) Investments	5 (i)	12.00	12.00
(ii) Other financial assets	5 (ii)	4,669.37	4,473.61
(g) Other non-current assets	6	5,637.30	1,442.11
(h) Non-current tax assets	7	244.08	486.27
		<u>221,597.81</u>	<u>170,509.75</u>
Current Assets			
(a) Inventories	8	37,395.53	40,340.71
(b) Financial assets			
(i) Trade receivables	9	1,455.11	825.13
(ii) Cash & cash equivalents	10A	4,069.14	3,264.92
(iii) Other Bank balances	10B	400.74	376.16
(iv) Others financial assets	11	2,418.57	853.18
(c) Other current assets	12	4,089.39	8,412.99
		<u>49,828.48</u>	<u>54,073.09</u>
Total Assets		<u>271,426.29</u>	<u>224,582.84</u>
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	13	1,617.11	1,598.10
(b) Other equity	14	88,830.79	78,869.55
Total Equity		<u>90,447.90</u>	<u>80,467.65</u>
Liabilities			
Non Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	15	61,407.46	50,239.50
(ii) Lease Liabilities	16	17,329.76	-
(b) Deferred tax liabilities (net)	16	5,519.64	3,969.03
(c) Other non-current liabilities	17	990.48	61.01
		<u>85,247.34</u>	<u>54,269.54</u>
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	15	29,668.71	23,422.37
(ii) Lease Liabilities		6,330.85	-
(iii) Trade payables	18		
• Total outstanding dues of micro enterprises and small enterprises		0.84	2.76
• Total outstanding dues of creditors other than micro enterprises and small enterprises		14,205.27	17,760.09
(iv) Other Financial liabilities	19	42,262.85	44,469.77
(b) Provisions	20	564.45	417.19
(c) Other current liabilities	21	2,698.08	3,773.47
		<u>95,731.05</u>	<u>89,845.65</u>
Total Equity and Liabilities		<u>271,426.29</u>	<u>224,582.84</u>

See accompanying notes to the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP

Sd/-
Ananthi Amarnath
PartnerPlace: Chennai
Date: 23rd June, 2020For and on behalf of the Board of Directors of Hatsun Agro Product Limited
Chartered AccountantsSd/-
R.G. Chandramogan
Managing DirectorSd/-
H. Ramachandran
Chief Financial OfficerPlace: Chennai
Date: 23rd June, 2020Sd/-
C. Sathyan
Executive DirectorSd/-
G. Somasundaram
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	NOTES	FOR THE YEAR ENDED MARCH 31, 2020	FOR THE YEAR ENDED MARCH 31, 2019
(I) INCOME			
Revenue from Operations	22	530,833.44	476,029.89
Other Income	23	865.10	604.85
Total Income		<u>531,698.54</u>	<u>476,634.74</u>
(II) EXPENSES			
Cost of Materials Consumed	24	368,496.97	328,959.00
Purchase of Stock in trade	25	268.89	60.93
Changes in Inventories of Finished Goods			
Stock in trade and Work-in-Progress	26	7,333.46	5,237.02
Employee Benefits Expense	27	16,770.77	15,592.35
Finance Costs	28	10,585.07	8,572.39
Depreciation and Amortisation expense	3, 4A & 4B	29,648.16	20,059.32
Other Expenses	29	82,955.88	82,035.40
Total Expenses		<u>516,059.20</u>	<u>460,516.41</u>
(III) Profit Before Tax		<u>15,639.34</u>	<u>16,118.33</u>
(IV) Tax Expense	32		
Current tax		5,280.00	4,627.55
Adjustment of current tax relating to earlier years		(821.43)	-
Deferred tax		(46.40)	6.11
Total tax expense		<u>4,412.17</u>	<u>4,633.66</u>
(V) Profit for the year		<u>11,227.17</u>	<u>11,484.67</u>
(VI) OTHER COMPREHENSIVE INCOME (OCI)	30		
(a) Items not to be reclassified to profit or loss in subsequent periods			
Re-measurement loss/(gains) on employee defined benefit plans		76.74	157.44
Income tax effect		(26.85)	(55.01)
Net items not to be reclassified to profit or loss in subsequent periods		<u>49.89</u>	<u>102.43</u>
(b) Items to be reclassified to profit or loss in subsequent periods:			
Net movement in cash flow hedges - loss/(gain)		175.51	(64.59)
Income tax effect		(61.32)	22.34
Net items to be reclassified to profit or loss in subsequent periods		<u>114.19</u>	<u>(42.25)</u>
(VII) Total other comprehensive income for the year, net of tax		<u>164.08</u>	<u>60.18</u>
(VIII) Total comprehensive income for the year		<u>11,063.09</u>	<u>11,424.49</u>
(IX) Earnings Per Equity Share Rs. 1/- each fully paid (March 31, 2019: Rs. 1/- each fully paid)			
Computed on the basis of total profit for the year	31		
Basic (Rs.)		6.99	7.09
Diluted (Rs.)		6.94	7.19
See accompanying notes to the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered AccountantsSd/-
Ananthi Amarnath
Partner

For and on behalf of the Board of Directors of Hatsun Agro Product Limited

Sd/-
R.G. Chandramogan
Managing DirectorSd/-
C. Sathyan
Executive DirectorSd/-
H. Ramachandran
Chief Financial OfficerSd/-
G. Somasundaram
Company SecretaryPlace: Chennai
Date: 23rd June, 2020Place: Chennai
Date: 23rd June, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2020	FOR THE YEAR ENDED MARCH 31, 2019
Cash flows from operating activities		
Net profit before taxation	15,639.34	16,118.33
Adjustments for:		
Depreciation and Amortisation expense	29,648.16	20,059.32
Amortisation on intangible assets		
Loss/(Profit) on sale of Property, Plant & Equipment (net)	8.26	(718.09)
Amortisation of government grants	(35.26)	-
Interest income	(311.20)	(203.00)
Unrealised exchange loss/(gain)	(85.09)	10.35
Gain on redemption of MF investments	(4.18)	-
Interest and finance charges paid (including interest towards lease liabilities)	10,585.07	8,415.52
Loss on assets scrapped	-	775.77
Operating profit before working capital changes	<u>55,445.10</u>	<u>44,458.20</u>
(Increase)/Decrease in Inventories	2,945.18	(1,967.56)
(Increase)/Decrease in Trade receivables	(624.99)	(120.22)
(Increase)/Decrease in Other financial assets	(1,463.90)	(982.46)
(Increase)/Decrease in Other current assets & Non current assets	4,323.60	(2,810.02)
Increase/(Decrease) in Other financial liabilities	616.31	1,677.14
Increase/(Decrease) in current and non-current liabilities	(3,587.16)	500.41
Increase/(Decrease) in Provisions	70.52	206.30
Cash generated from operations	<u>57,724.66</u>	<u>40,961.79</u>
Direct taxes paid (net of refunds)	(2,531.20)	(3,457.81)
Net cash from operating activities	<u><u>55,193.46</u></u>	<u><u>37,503.98</u></u>
Cash flows (used in)/from investing activities		
Purchase of Property, Plant & Equipment (including capital work in progress)	(54,629.54)	(35,134.21)
Increase in other bank balances not considered as cash & cash equivalents	(30.16)	(246.36)
Purchase of mutual fund investment	(7,400.00)	-
Proceeds from sale of Investment	-	0.57
Proceeds from sale of mutual fund investments	7,404.18	-
Proceeds from sale of Property, Plant & Equipment	637.68	895.08
Interest received	311.20	203.00
Net cash used in investing activities	<u><u>(53,706.64)</u></u>	<u><u>(34,281.92)</u></u>
Cash flows (used in)/from financing activities		
Term loans availed during the year	52,112.92	39,008.44
Term loans repaid during the year	(41,417.72)	(42,886.30)
Short term loans availed during the year	152,776.96	230,526.67
Short term loans repaid during the year	(141,996.96)	(246,300.77)
Increase/(decrease) in Other short term borrowing availed from banks	(4,533.66)	(7,502.24)
Proceeds from rights issue of shares (net of expenses)	10,520.14	41,845.88
Dividends paid including tax on dividends	(11,602.99)	(9,355.80)
Repayment of Lease liabilities	(6,306.19)	-

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2020	FOR THE YEAR ENDED MARCH 31, 2019
Public deposits repaid during the year	-	(1.68)
Interest and finance charges paid (including interest towards lease liabilities)	(10,235.10)	(8,441.72)
Net cash used in financing activities	<u>(682.60)</u>	<u>(3,107.52)</u>
Net (decrease)/increase in cash and cash equivalents	804.22	114.54
Cash and cash equivalents at the beginning of the year	<u>3,264.92</u>	<u>3,150.38</u>
Cash and cash equivalents at the end of the year	<u><u>4,069.14</u></u>	<u><u>3,264.92</u></u>
Components of Cash and Cash Equivalents		
Cash on hand	7.12	6.94
Balances with Banks	<u>4,062.02</u>	<u>3,257.98</u>
	<u><u>4,069.14</u></u>	<u><u>3,264.92</u></u>

See accompanying notes to the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered AccountantsSd/-
Ananthi Amarnath
PartnerPlace: Chennai
Date: 23rd June, 2020

For and on behalf of the Board of Directors of Hatsun Agro Product Limited

Sd/-
R.G. Chandramogan
Managing DirectorSd/-
H. Ramachandran
Chief Financial OfficerPlace: Chennai
Date: 23rd June, 2020Sd/-
C. Sathyan
Executive DirectorSd/-
G. Somasundaram
Company Secretary

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

A. EQUITY SHARE CAPITAL

Equity Shares of ₹1 Each, Fully paid up	No.	INR.
As at March 31, 2019	152,168,307	1,522.02
Add: Rights issue of fully paid up shares at Rs 1.00 of 95,03,121 shares (Refer Note 13.6)	9,503,121	95.03
As at March 31, 2020	161,671,428	1,617.05
Equity Shares of ₹1 each, Paid up to the extent of ₹ 0.80 each	No.	INR.
As at March 31, 2019 (Refer Note)	9,510,519	76.08
Less: Partly paid shares of 95,03,121 converted into fully paid shares	(9,503,121)	(76.02)
As at March 31, 2020 (Refer Note 13.6)	7,398	0.06
Total	161,678,826	1,617.11

Note: Includes ₹0.33 relating to 1,30,000 shares which were forfeited

B. OTHER EQUITY

Particulars	Reserves and surplus					Items of Other Comprehensive Income	Total (INR)
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Cash flow Hedge Reserve	Total Other Equity
As at April 01, 2018	74.45	899.02	6318.16	4,703.88	23,077.80	(42.25)	35,031.06
Profit for the year	-	-	-	-	11,484.67	-	11,484.67
Other Comprehensive Income							
I) Re-measurement of DBO - Gain	-	-	-	-	(102.43)	-	(102.43)
II) Net movement in Cash Flow Hedges	-	-	-	-	-	42.25	42.25
Total Comprehensive Income	-	-	-	-	11,382.24	42.25	11,424.49
Issue of bonus shares	-	-	-	-	-	-	-
Interim dividend	-	-	-	-	(7,760.59)	-	(7,760.59)
Dividend distribution tax	-	-	-	-	(1,595.21)	-	(1,595.21)
Issue of rights issue shares (Refer Note 13.6)	-	-	41,769.80	-	-	-	-
At March 31, 2019	74.45	899.02	48,087.96	4,703.88	25,104.24	-	78,869.55
Profit for the year	-	-	-	-	11,227.17	-	11,227.17
Other Comprehensive Income							
I) Re-measurement of DBO -loss (net of tax)	-	-	-	-	(49.89)	-	(49.89)
II) Net movement in Cash Flow Hedges	-	-	-	-	-	(114.19)	(114.19)
Total Comprehensive Income	-	-	-	-	11,177.28	(114.19)	11,063.09
Transfer to general reserve	-	-	-	-	-	-	-
Interim dividend	-	-	-	-	(9,624.62)	-	(9,624.62)
Dividend distribution tax	-	-	-	-	(1,978.37)	-	(1,978.37)
Issue of rights issue shares (Refer Note 13.6)	-	-	10,501.14	-	-	-	10,501.14
As at March 31, 2020	74.45	899.02	58,589.10	4,703.88	24,678.53	(114.19)	88,830.79

See accompanying notes to the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered AccountantsSd/-
Ananthi Amarnath
Partner

For and on behalf of the Board of Directors of Hatsun Agro Product Limited

Sd/-
R.G. Chandramogan
Managing DirectorSd/-
C. Sathyan
Executive DirectorSd/-
H. Ramachandran
Chief Financial OfficerSd/-
G. Somasundaram
Company SecretaryPlace: Chennai
Date: 23rd June, 2020Place: Chennai
Date: 23rd June, 2020

NOTES TO FINANCIAL STATEMENTS

Notes forming part of the financial statements for the year ended March 31, 2020

1.1 CORPORATE INFORMATION

Hatsun Agro Product Limited (the Company or HAPL) is principally engaged in the business of processing and marketing of milk, milk products and ice cream. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on National Stock Exchange of India Limited (NSE) and BSE Limited. The registered office of the Company is located at Karapakkam, Chennai. The Company has plants across various locations in India.

2. Basis of Accounting and Preparation of Financial Statements

2.1 STATEMENT OF COMPLIANCE:

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the 2013 Act read with the Companies (Indian Accounting Standards) Rules 2015 and other relevant provisions of the 2013 Act.

Except for the changes below, the Company has consistently applied accounting policies to all periods.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

- i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight
- ii) Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact. Amendment to Ind AS 12 – Income taxes: On March 30, 2019, Ministry of Corporate Affairs issued amendment guidance in

Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

- ii) Amendment to Ind AS 19 – plan amendment, curtailment or settlement: On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.

- iii) Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 resulting in recognition of right of use assets for an amount of Rs. 29,809.69 Lakhs and measured the lease liabilities at an equal amount as on the date of transition and hence no impact to reserves. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2020.

2.2 BASIS OF PREPARATION AND PRESENTATION

The financial statements have been prepared on accrual basis under the historical cost convention except for certain financial instruments that are measured at fair values at the end of each

reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on above basis, except for lease transactions that are within the scope of Ind AS 17 - Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 - Inventories or value in use in Ind AS 36 - Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Use of Estimates

The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Examples of such estimates include provision for doubtful receivables/advances, provision for employee benefits, useful lives of property plant and equipment, assessment of control, provision for contingencies etc. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively in the year in which the estimate is revised and/or in future years, as applicable. Also Refer Note 45.

b. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

Foreign currencies

The Company's financial statements are presented in INR, which is also the company's functional currency.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rate at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

c. Revenue recognition

The Company derives revenue primarily from sale of milk, milk products, Cattle Feed and Ready-to-eat products. Revenue is measured based on the consideration specified in a contract with a

customer and excludes amounts collected on behalf of third parties. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenues and costs relating to sales contracts are recognised as the related goods are delivered, and titles have passed, at which time all the following conditions are satisfied:-

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transactions can be measured reliably.

"The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discounts/incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognises the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognised until the payment is probable and the amount can be estimated reliably. The Company recognises changes in the estimated amount of obligations for discounts in the period in which the change occurs.

Interest income

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Rental Income

Rental income arising from freezer given on lease is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature

d. Government Grants and Export Benefits

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual installments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Export benefits in the nature of Merchandise Exports from India Scheme (MEIS) under Foreign Trade Policy are recognised in the Statement of Profit and Loss when there is no uncertainty in receiving/utilising the same, taking into consideration the prevailing regulations.

e. Taxes

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the

temporary difference arises from the initial recognition of goodwill. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of a credit to the statement of profit and loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

f. Property Plant and Equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost

includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Cost of spares relating to specific Property Plant and Equipment individually greater than Rs. 1 Lakh per unit is capitalised. All other repair and maintenance costs are recognised in profit or loss as incurred.

Furnitures and fixtures, Office equipments are stated at cost less accumulated depreciation and accumulated impairment losses.

Leasehold Improvements thereon are amortised over the primary period of lease.

Depreciation on assets is provided using the straight-line method based on rates specified in Schedule II to the Companies Act, 2013 or on estimated useful lives of assets estimated by the management, whichever is higher.

Depreciation is also accelerated on fixed assets, based on their condition, usability etc. as per the technical estimates of the Management, where necessary.

The estimated useful lives considered for depreciation/amortisation of fixed assets are as follows:

Sl.No.	Asset Category	Estimated Useful Life (years)
	Tangible fixed assets	
1	Buildings	30
2	Plant and machinery	4-15
3	Cans, crates and puff boxes (Included in plant and machinery)	1
4	Windmill	22
5	Furniture & Fixtures	5-10
6	Office Equipment	5
7	Vehicle	8-10
8	Leasehold improvements	3-5 years or over the lease period if lower than the estimated useful life

The residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

g. Intangible Assets Including Goodwill

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits

embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

h. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

i. Leases

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful

life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition:

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 resulting in recognition of right of use assets for an amount of Rs. 20,792 Lakhs and measured the lease liabilities at an equal amount as on the date of transition and hence no impact to reserves. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2020.

j. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Due allowance is estimated and made by the Management for slow moving/non-moving items of inventory, where ever necessary, based on the technical assessment and such allowances are adjusted against the closing inventory value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

k. Impairment of Non-financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each

reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

l. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

m. Retirement and Other Employee Benefits

Retirement benefit in the form of provident fund and employee state insurance is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is

recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method by actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income
- Re-measurement

Other Short-term employee benefits

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

n. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the

case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss

previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

Equity Investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Financial assets that are debt instruments and are measured as at FVTOCI
- c) Lease receivables under Ind AS 17
- d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- e) Loan commitments which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- + Trade receivables or contract revenue receivables; and
- + All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial

recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not

designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

o. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/

economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial expense is recognised.

p. Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an

insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

q. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

r. Operating Segment

The Chief Operational Decision Maker (MD) monitors the operating results of the business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss reported by the segment periodically.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The operating segment of the Company is identified to the "Milk and milk products", and "others". The operating segment have been identified on the basis of the nature of products/services. Un-allocable income, expenditure, assets and liabilities represent the income, expenditure, assets and liabilities that relate to the Company as a whole and not allocable to any segment.

s. Earnings Per Share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had

the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, rights issue as appropriate.

t. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

u. Expenditure On Corporate Social Responsibility (CSR)

The Company accounts the expenditure incurred towards Corporate Social Responsibility as required under the Act as a charge to the statement of profit and loss account.

2.4 Critical Accounting judgement and Key sources of Estimation Uncertainty

Inherent in the application of many of the accounting policies used in preparing the Financial statements is the need for Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial information are included in the following notes:

- (i) Useful lives of property, plant and equipment (Refer Note f)
- (ii) Assessment of impairment for long outstanding Capital work in progress projects on hold (Refer Note k)
- (iii) Assets and obligations relating to employee benefits (Refer Note m)
- (iv) Valuation and measurement of income taxes and deferred taxes (Refer Note e)
- (v) Assessment of Right of use assets (Refer Note i)

Determination of functional currency:

Currency of the primary economic environment in which the Company operates ("the functional currency") is Indian Rupee (INR) in which the company primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee (INR).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

Note 3 Property, plant and equipment, 4A - Goodwill and 4B - Other intangible assets

Particulars	Note 3 Property, plant and equipment										Note 4A Goodwill		Note 4B Other intangible assets	
	Freehold Land	Buildings	Plant and machinery	Windmill	Computers equipment	Furniture and Fittings	Office equipment	Vehicles	Lease Hold Improvements	Total property, plant and equipment	Goodwill	Computer Software	Total Other Intangibles assets	
As at March 31, 2018	9,165.33	25,073.51	79,616.77	17,471.20	1,557.75	1,072.54	1,718.04	449.53	6,994.29	143,118.96	774.12	587.70	587.70	
Additions	1,367.77	7,550.52	27,334.70	-	402.95	285.10	565.34	21.96	2,356.19	39,884.53	-	247.64	247.64	
Disposals / Deletions	(108.43)	(422.24)	(1,200.55)	-	(26.75)	(4.10)	(24.80)	(22.13)	(229.63)	(2,038.63)	-	-	-	
As at March 31, 2019	10,424.67	32,201.79	105,750.92	17,471.20	1,933.95	1,353.54	2,258.58	449.36	9,120.85	180,964.86	774.12	835.34	835.34	
Additions	4,014.37	3,302.75	24,153.73	-	277.09	254.74	761.59	-	3,089.86	35,854.13	-	286.56	286.56	
Disposals / Deletions	(353.60)	(132.98)	(3,092.80)	-	(66.82)	(29.91)	(84.75)	(42.50)	(305.95)	(4,109.31)	-	-	-	
As at March 31, 2020	14,085.44	35,371.56	126,811.85	17,471.20	2,144.22	1,578.37	2,935.42	406.86	11,904.76	212,709.68	774.12	1,121.90	1,121.90	
<u>Depreciation</u>														
As at March 31, 2018	-	1,917.36	16,522.46	878.38	566.54	300.86	530.83	62.39	1,828.00	22,606.82	-	213.38	213.38	
Charge for the year	-	1,380.68	14,459.49	792.75	480.98	186.63	422.09	83.45	2,109.80	19,915.87	-	143.45	143.45	
Disposals	-	(55.54)	(879.77)	-	(26.32)	(0.78)	(19.49)	(21.74)	(82.23)	(1,085.87)	-	-	-	
As at March 31, 2019	-	3,242.50	30,102.18	1,671.13	1,021.20	486.71	933.43	124.10	3,855.57	41,436.82	-	356.83	356.83	
Charge for the year	-	1,459.91	17,038.67	792.75	548.27	269.82	511.15	76.30	2,817.57	23,514.43	-	296.18	296.18	
Disposals	-	(18.77)	(3,036.12)	-	(66.76)	(26.22)	(84.33)	(35.55)	(195.63)	(3,463.38)	-	-	-	
As at March 31, 2020	-	4,683.64	44,104.73	2,463.88	1,502.71	730.31	1,360.25	164.85	6,477.50	61,487.88	-	653.01	653.01	
Net carrying value:														
As at March 31, 2019	10,424.67	28,959.29	75,648.74	15,800.07	912.75	866.83	1,325.15	325.26	5,265.28	139,528.04	774.12	478.51	478.51	
As at March 31, 2020	14,085.44	30,687.92	82,707.12	15,007.32	641.52	848.06	1,575.16	242.01	5,427.25	151,221.80	774.12	468.89	468.89	

(i) Disposals/deletion includes book value of asset amounting to Nil (previous year Rs. 628.36) damaged due to fire in the Karur Factory.

(ii) The Company had set up a green field project, which was planned to be commissioned during the year 2018-19. However, the project was put on hold temporarily due to a dispute over the legality of the ownership of a small portion of land passing through the project site. The Company is legally contesting the claims and has obtained legal opinion to support the merits of the case and also obtained regulatory approvals to commence the operations at the site. Due to delays in commencement of the project, the Company relocated certain movable assets purchased for this project to another similar project and considered an alternate business plan for this project. The carrying value of land amounts to Rs. 439 Lakhs (Refer Note 3) and capital work-in progress as at March 31, 2020 amounts to Rs. 3,736 Lakhs. The Company assessed the value in use of the project as at March 31, 2020 and noted that it was higher than the carrying amount of the project on the said date.

(iii) Refer Note 15 for changes created against Property, Plant & Equipment.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

4C. Right of Use Assets

DESCRIPTION OF ASSETS	BUILDINGS	TOTAL
I - Gross carrying value		
As at April 01, 2019 (Refer Note 36)	-	-
Additions	29,809.65	29,809.65
Disposals/Adjustments during the year	(960.74)	(960.74)
As at March 31, 2020	28,848.91	28,848.91
II. Accumulated depreciation and impairment		
As at April 01, 2019	-	-
Charge for the year	5,837.55	5,837.55
Disposals/Adjustments during the year	(101.65)	(101.65)
As at March 31, 2020	5,735.90	5,735.90
III. Net Carrying Value		
As at 31 March 2020	23,113.01	23,113.01
PARTICULARS	AS AT MARCH 31, 2020	AS AT MARCH 31, 2019
5.(i) Investments		
Investments in equity instruments:		
Unquoted equity instrument valued at fair value through Other Comprehensive income:		
- 3,000 (March 31, 2019 - 3,000) - Equity Shares of Rs. 100/- each fully Paid up in Jeedimetla Effluent Treatment Limited with a Premium of Rs. 300/- per share	12.00	12.00
Total	12.00	12.00
Current	-	-
Non-Current	12.00	12.00
Aggregate value of unquoted investments	12.00	12.00
5. (ii) Other financial assets - Non-current		
Security deposits	4,669.37	4,473.61
Total	4,669.37	4,473.61
6. Other Non-current assets		
Non-current (unsecured, considered good unless otherwise stated)		
Capital Advances	5,637.30	1,442.11
Total	5,637.30	1,442.11
7. Non-current tax assets		
Current tax assets		
Advance income tax (Net of Provision for taxation)	244.08	486.27
Total	244.08	486.27
8. Inventories		
Raw Materials and packing Materials (at cost)	17,192.14	14,792.51
Work-in-progress (at cost)	3,966.68	4,405.48
Finished Goods (at cost or net realisable value whichever is lower)		
Manufactured	11,732.59	18,775.82
Traded	151.04	2.47
Stores, spares and loose tools (at cost)	4,353.08	2,364.43
Total	37,395.53	40,340.71

The cost of inventories recognised as an expense during the year in respect of continuing operation was INR. 376,099.32 (for the year ended March 31, 2019: INR. 334,256.95)

The cost of inventories recognised as an expense includes INR. 15.02 (during 2018-19: INR. 93.46) in respect of write downs of inventory to net realisable value.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	AS AT MARCH 31, 2020	AS AT MARCH 31, 2019
9. Trade Receivables		
Trade Receivables	1,455.11	825.13
Total	<u>1,455.11</u>	<u>825.13</u>
Break up for trade receivables		
Trade Receivables		
Secured, considered good	1,455.11	825.13
Unsecured, considered good	-	-
Total Trade receivables	<u>1,455.11</u>	<u>825.13</u>

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person, nor from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing.

The Company sells goods on advance payment terms. In cases of customers with certain nature of products where credit is allowed, the average credit period on such sale of goods ranges from 1 day to 45 days depending on the nature of the product. The Company's receivables turnover is quick and historically, there was no significant defaults on account of those customer in the past.

PARTICULARS	AS AT MARCH 31, 2020	AS AT MARCH 31, 2019
10. Cash and cash equivalents		
10 A. Cash and cash equivalents		
Balances with Banks	4,062.02	3,257.98
Cash on hand	7.12	6.94
	<u>4,069.14</u>	<u>3,264.92</u>
10 B. Other bank balances		
Deposit accounts (Refer Note below)	305.01	274.85
On unpaid dividend accounts	95.73	101.31
Total	<u>400.74</u>	<u>376.16</u>
11. Other financial assets - Current		
Derivative instrument at fair value through other comprehensive income		
Derivative assets	297.25	-
Unsecured, considered good unless stated otherwise		
Security deposit	2,003.77	602.93
Claim receivables	117.55	250.25
Total	<u>2,418.57</u>	<u>853.18</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	AS AT MARCH 31, 2020	AS AT MARCH 31, 2019
12. Other current assets (unsecured, considered good unless stated otherwise)		
Balances with government authorities	2,496.00	4,913.75
Prepaid Expenses	471.98	574.39
Prepaid rental (Refer note below)	29.76	1,529.06
Advance to Suppliers	1,052.71	1,365.91
Other receivables	38.94	29.88
Total	<u><u>4,089.39</u></u>	<u><u>8,412.99</u></u>

Note: Reduction in prepaid rental deposit is on account of reclassification to Right of use assets.

PARTICULARS	AS AT MARCH 31, 2020	AS AT MARCH 31, 2019
13. Equity share capital		
Authorised Share Capital		
250,000,000 equity shares of Re 1/- each (March 31, 2019: 250,000,000 equity shares of Re 1/- each)	2,500.00	2,500.00
500,000 preference shares of ₹100/- each (March 31, 2019: 500,000 preference shares of ₹100/- each)	500.00	500.00
Total	<u><u>3,000.00</u></u>	<u><u>3,000.00</u></u>
Issued capital		
161,808,826 equity shares of Re 1/- each (March 31, 2019: 161,808,826 equity shares of Re 1/- each)	1,617.10	1,598.10
Total	<u><u>1,617.10</u></u>	<u><u>1,598.10</u></u>
Subscribed and fully paid Up		
161,671,428 equity shares of Re 1/- each (March 31, 2019: 152,168,307 equity shares of Re 1/- each)	1,616.72	1,521.69
Total (A)	<u><u>1,616.72</u></u>	<u><u>1,521.69</u></u>
Subscribed and not fully paid Up		
130,000 equity shares of Re.1 (March 31, 2019: 130,000 equity shares of Re.1/- [Partly paid up for Re. 0.25/- (March 31, 2019: Re.0.25/-] per share, forfeited.	0.33	0.33
7,398 equity shares of Re. 1 (March 31,2019: 95,10,519 partly paid up equity shares of Re 1 each (Paid up to the extent of Re. 0.80 each.)	0.06	76.08
Total (B)	<u><u>0.39</u></u>	<u><u>76.41</u></u>
Total Equity share capital (A) + (B)	<u><u>1,617.11</u></u>	<u><u>1,598.10</u></u>

13.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**Subscribed and fully paid**

	March 31, 2020		March 31, 2019	
	No.	₹	No.	₹
At the beginning of the year	152,168,307	1,521.69	152,168,307	1,521.69
Issued during the year - Rights issue (Refer Note 13.6)	9,503,121	95.03	-	-
Outstanding at the end of the year	161,671,428	1,616.72	152,168,307	1,521.69

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

Subscribed and partly paid

	March 31, 2020		March 31, 2019	
	No.	₹	No.	₹
At the beginning of the year	9,510,519	76.41	-	0.33
Issued during the year-Rights issue (Refer Note 13.6)	-	-	9,510,519	76.08
Less: Partly paid shares converted into fully paid shares	9,503,121	76.02	-	-
Outstanding at the end of the year	7,398	0.39	9,510,519	76.41

13.2 Rights attached to Equity Shares

The Company has only one class of equity shares having par value of Re.1 per share (March 31, 2019 - Re.1/-). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

During the year ended March 31, 2020, the amount of per share dividend recognised as distributions to equity shareholders was Rs 6.00 /- and Rs. 4.80/- for partly paid up shares (March 31, 2019: Rs. 5.00/- and Rs. 1.60/- for partly paid up shares). Also Refer Note 33

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential payments. The distribution will be in proportion to the number of equity shares held by the shareholders.

13.3 Details of Shareholders holding more than 5 % shares of the Company:

	March 31, 2020			March 31, 2019		
	% Holding	No. of fully paid up equity shares held	No. of Partly paid up equity shares held	% Holding	No. of fully paid up equity shares held	No. of Partly paid up equity shares held
Mr. Chandramogan R G	56.62%	91,549,563	-	56.58%	85,720,470	5,762,397
Mr. Sathyan C	9.40%	15,196,774	-	9.40%	14,199,130	997,644

13.4 Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date

Particulars	March 31, 2020	March 31, 2019
Equity shares allotted as fully paid bonus shares during the year ended March 31, 2017	43,476,659	43,476,659
Total	4,34,76,659	4,34,76,659

13.5 There are no shares reserved for issue under any options.

13.6. Pursuant to the allotment of 95,10,519 Rights Equity Shares (@ Re. 0.80 per Equity Share with a Share Premium of Rs. 443.20 per Equity Share) of the Company on July 12, 2018, the Company made the First and Final Call during the third quarter of the financial year 2019 - 20 for receipt of balance money to be received in respect of partly paid up Rights Equity Shares. In response to the above said First and Final Call, the majority of Equity Shareholders holding Partly paid up Rights Equity Shares made the payment to the extent of Rs. 10,548.46 lakhs for 95,03,121 Equity Shares (Re. 0.20 towards face value and Rs. 110.80 towards Share Premium). Shareholders holding partly paid up Rights Equity Shares totaling to 7,398 Equity Shares are yet to make the Call Money payment as of March 31, 2020 and the Board of the Company had extended the time up to April 30, 2020 for collecting the Call Money. Considering the Covid 19 pandemic, the Board has decided to continue to collect the payment even if it is received belatedly until the normalcy is restored. The Board will review the situation and decide on forfeiture of partly paid up Rights Equity Shares on which the balance call money is still pending. The Company has received the Listing approval for listing 94,72,144 Equity Shares and 30,977 Equity Shares which were converted to fully paid up Equity Shares upon receipt of Rights Call Money from National Stock Exchange of India Limited (NSE) on January 13, 2020 and April 17, 2020 respectively and BSE Limited(BSE) on January 17, 2020 and April 24, 2020 respectively

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	AS AT MARCH 31, 2020	AS AT MARCH 31, 2019
14. Other equity		
Capital reserves	74.45	74.45
Capital redemption reserves	899.02	899.02
Securities premium account	58,589.10	48,087.96
General reserve	4,703.88	4,703.88
Retained earnings	24,678.53	25,104.24
Other Comprehensive Income		
- Cash flow hedge reserve	(114.19)	-
Total	<u>88,830.79</u>	<u>78,869.55</u>
14.1 Capital reserves		
Opening balance	74.45	74.45
Add/Less: Adjustments during the year	-	-
Closing balance	<u>74.45</u>	<u>74.45</u>
14.2 Capital redemption reserves		
Opening balance	899.02	899.02
Add/Less: Adjustments during the year		
Closing balance	<u>899.02</u>	<u>899.02</u>
14.3 Securities premium account		
Opening balance	48,087.96	6,318.16
Add/Less: Adjustments during the year (Refer Note 13.6)	10,501.14	41,769.80
Closing balance	<u>58,589.10</u>	<u>48,087.96</u>
14.4 General reserve		
Opening balance	4,703.88	4,703.88
Add/Less: Adjustments during the year		
Movement during the year	-	-
Transferred from profit and loss account	-	-
Closing balance	<u>4,703.88</u>	<u>4,703.88</u>
14.5 Retained earnings		
Opening balance	25,104.24	23,077.80
Add/Less: Adjustments during the year		
Net profit for the current year	11,227.17	11,484.67
Re-measurement of DBO	(49.89)	(102.43)
Amount available for appropriation	36,281.52	34,460.04
Less: Appropriations		
Dividend		
- Interim (amount per share Re.6.00 (March 31, 2019: Rs. 5.00))	9,624.62	7,760.59
Tax on dividend	1,978.37	1,595.21
Total appropriations	<u>11,602.99</u>	<u>9,355.80</u>
Closing balance	<u>24,678.53</u>	<u>25,104.24</u>
14.6 Other Comprehensive Income		
Cash flow hedge reserve		
Opening balance	-	(42.25)
Add/Less: Adjustments during the year		
Interest rate swap contracts entered during the year	(114.19)	
Reclassified to the statement of profit and loss	-	42.25
Closing balance	<u>(114.19)</u>	<u>-</u>

The disaggregation of changes in OCI by each types of reserves in equity is disclosed in Note-30

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	AS AT MARCH 31, 2020	AS AT MARCH 31, 2019
15. Borrowings - At amortised cost		
Non-Current Borrowings		
Term loans:		
Indian Rupee loans from banks (Secured)	56,047.12	50,239.50
Foreign currency loans from banks (Secured)	4,027.00	-
Indian Rupee loans from banks (Unsecured)	1,333.34	-
Total	<u><u>61,407.46</u></u>	<u><u>50,239.50</u></u>
Current Borrowings		
Current maturities of Non-current borrowings:		
Indian Rupee loans from banks (Secured)	24,403.67	29,129.09
Foreign currency loans from banks (Secured)	3,555.00	-
Indian Rupee loans from banks (Unsecured)	666.66	-
Loans repayable on demand from banks:		
Cash credit (Secured)	2,958.71	6,846.93
Cash credit (Unsecured)	-	645.44
Short term Loans (Secured)	6,000.00	-
Short term Loans (Unsecured)	20,710.00	15,930.00
Total	<u><u>58,294.04</u></u>	<u><u>52,551.46</u></u>
Less: Amount included under "Other Financial liabilities - current" - Refer Note 19	<u>(28,625.33)</u>	<u>(29,129.09)</u>
Net Current Borrowings	<u><u>29,668.71</u></u>	<u><u>23,422.37</u></u>

Secured cash credit facility is secured by a first charge on all the current assets and pari-passu first charge over selected fixed assets by the Company. Further, this facility has been personally guaranteed by the Managing Director.

Unsecured/Secured cash credit carries an interest ranging from 7.65% to 10.25% (March 31, 2019 - 7.95% to 10.03%).

Secured short term loans are secured by charge on plant and machinery, land and building, inventories, receivable and other current assets of the Company. Further, these facilities have been personally guaranteed by the Managing Director. Interest rate on secured short term loans ranged from 7.80% to 8.80% (March 31, 2019 - 8.25% to 8.80%) during the year.

Unsecured short term loans included commercial paper obtained from various banks carried an interest rate ranging from 7.10% to 10.10% (March 31, 2019 - 7.50% to 10.10%) during the current year.

The Company had not committed any default in the repayment of loan or payment of interest. There was no breach in the loan covenants during the year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

15. Borrowings

(a) The details of Indian rupee term loans from banks are as under:

S.No	Name of the Bank	Outstanding as on March 31, 2020	Outstanding as on March 31, 2019	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
1	Axis Bank Limited	-	2,114.06	5,000.00	16	22/12/2016	1. Exclusive charge on all the movable fixed assets located at Chittoor Vavilthota Plant, Chittoor Vempalli Plant, Gangavaram Plant, Kasyapuram Plant, Kodada Chilling Plant, Nizamabad Vanni House and Vanni Plant and Suraram Hyderabad Plant. 2. Personal Guarantee of Mr. R.G. Chandramogan	16 equal quarterly installments of ₹312.50 Lakhs
2	Bank of Bahrain & Kuwait	-	750.00	1,500.00	8	10/01/2018	1. Exclusive hypothecation charge on plant & machinery and moveable fixed assets located at Guduvanchery RTE plant, sales depots and sales outlets 2. Personal Guarantee of Mr. R.G. Chandramogan	8 quarterly installments of ₹187.50 Lakhs
3	Bank of Bahrain & Kuwait	-	937.50	1,500.00	8	30/04/2018	1. Exclusive hypothecation charge on plant & machinery and moveable fixed assets located at Guduvanchery RTE plant, sales depots and sales outlets 2. Personal Guarantee of Mr. R.G. Chandramogan	8 quarterly installments of ₹187.50 Lakhs
4	Bank of Tokyo	-	2,500.00	5,000.00	2	29/12/2017	1. pari passu with unsecured lenders 2. Personal Guarantee of Mr. R.G. Chandramogan	2 equal annual installments of ₹2500.00 Lakhs
5	BNP Paribas	-	3,181.82	5,000.00	15	22/12/2017	1. Hypothecation of moveable properties including its moveable plant and machinery, machinery spares, tools and accessories both present and future. 2. Personal Guarantee of Mr. R.G. Chandramogan	11 equal quarterly installments of ₹454.545 Lakhs
6	Federal Bank Limited	-	4,000.00	4,000.00	4	16/03/2017	1. Exclusive charge on specific Assets of company under Plant and Machinery 2. Personal Guarantee of Mr. R.G. Chandramogan	4 monthly installments of ₹1000.00 Lakhs
7	HDFC Bank Limited	-	1,249.95	5,000.00	12	24/10/2016	1. First Charge on the specific fixed assets acquired out of the term loan and fixed assets of the Madurai dairy plant 2. Personal Guarantee of Mr. R.G. Chandramogan	12 quarterly installments of ₹416.65 Lakhs
8	HDFC Bank Limited	1,666.67	3,333.33	5,000.00	12	15/03/2017	1. First Charge on the specific fixed assets acquired out of the term loan and fixed assets of the Madurai dairy plant and pari passu charges on Palacode land & building and plant & machinery 2. Personal Guarantee of Mr. R.G. Chandramogan	12 quarterly installments of ₹416.65 Lakhs
9	HDFC Bank Limited	625.00	3,125.00	5,000.00	8	30/06/2018	1. First Charge on the specific fixed assets acquired out of the term loan and fixed assets of the Madurai dairy plant and pari passu charges on Palacode land & building and plant & machinery 2. Personal Guarantee of Mr. R.G. Chandramogan	8 quarterly installments of ₹625.00 Lakhs

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

S.No	Name of the Bank	Outstanding as on March 31, 2020	Outstanding as on March 31, 2019	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
10	HDFC Bank Limited	4,375.00	5,000.00	5,000.00	16	18/12/2018	1. First Charge on the specific fixed assets acquired out of the term loan and fixed assets of the Madurai dairy plant and pari passu charges on Palacode land & building and plant & machinery 2. Personal Guarantee of Mr. R.G. Chandramogan	16 quarterly installments of ₹312.50 Lakhs
11	HSBC Bank Limited	1,250.00	2,916.67	5,000.00	12	29/12/2017	1. Exclusive charge over specific moveable fixed assets with a cover of 1.25 times of the total credit facilities availed 2. Personal Guarantee of Mr. R.G. Chandramogan	12 equal quarterly installments of ₹416.667 lakhs
12	HSBC Bank Limited	5,250.00	6,650.00	7,000.00	20	26/11/2018	1. Mortgage of fixed assets of Walajah plant and hypothecation of plant and machinery and moveable fixed assets of Walajah plant, ABCs (specified) and CCs (specified) 2. Personal Guarantee of Mr. R.G. Chandramogan	20 equal quarterly installments of ₹350.00 lakhs
13	ICICI Bank Limited	-	416.67	2,500.00	12	20/09/2016	1. Extension of Exclusive charges on Fixed Assets at Salem powder plant and Ice Cream Plant, Exclusive charges on land & Building and Plant & Machinery at Thalaivasal dairy plant, Chilling Center at Uthangarai, Sindalavadampatti, Walaja, Polur, Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant. 2. Personal Guarantee of Mr. R.G. Chandramogan and Mr.C.Sathyan	12 quarterly installments of ₹208.33 Lakhs
14	ICICI Bank Limited	2,812.50	4,062.50	5,000.00	17	19/02/2018	1. Extension of Exclusive charges on Fixed Assets at Salem powder plant and Ice Cream Plant, Exclusive charges on land & Building and Plant & Machinery at Thalaivasal dairy plant, Chilling Center at Uthangarai, Sindalavadampatti, Walaja, Polur, Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant. 2. Personal Guarantee of Mr.R.G.Chandramogan and Mr. C. Sathyan	17 quarterly installments of ₹312.50 Lakhs
15	IDFC Bank Limited	750.00	1,750.00	2,500.00	10	04/01/2018	1. Exclusive charges on moveable and immovable Fixed Assets of Palani feed plant 2. Personal Guarantee of Mr. R.G.Chandramogan and Mr. C. Sathyan	10 quarterly installments of ₹250.00 Lakhs
16	Kotak Mahindra Bank	-	-	3,700.00	12	18/11/2015	1. Exclusive charges on the Land at Thiruvanniyur and plant & machinery at Specified Chilling Centres 2. Personal Guarantee of Mr. R.G. Chandramogan.	12 quarterly installments of ₹308.33 Lakhs
17	Kotak Mahindra Bank	375.00	1,125.00	3,000.00	12	01/09/2016	1. Exclusive mortgage on land at Thiruvanniyur and land & buildings of Red hills plant and identified moveable fixed assets 2. Personal Guarantee of Mr. R.G. Chandramogan	12 quarterly installments of ₹187.50 Lakhs

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

S.No	Name of the Bank	Outstanding as on March 31, 2020	Outstanding as on March 31, 2019	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
18	Kotak Mahindra Bank	1,093.75	1,718.75	2,500.00	16	06/11/2017	1. Exclusive mortgage on land at Thiruvanniyur and land & buildings of Red hills plant and identified moveable fixed assets 2. Personal Guarantee of Mr. R.G. Chandramogan	16 quarterly installments of ₹156.25 Lakhs
19	South Indian Bank Limited	-	2,479.58	5,000.00	48	22/03/2017	1. Hypothecation of assets created out of loan (Eko milk analyzer, RMCs, silos, DGs & Freezers) and pari passu charges on Palacode land & building and plant & machinery 2. Personal Guarantee of Mr. R.G. Chandramogan and Mr. C. Sathyan	48 monthly installments of ₹104 Lakhs for first 47 Installments and 112 Lakhs for last installment.
20	South Indian Bank Limited	3,299.99	4,180.00	4,400.00	60	30/12/2018	1. Hypothecation of assets created out of loan (Eko milk analyzer, RMCs, silos, DGs & Freezers) and pari passu charges on Palacode land & building and plant & machinery 2. Personal Guarantee of Mr. R.G. Chandramogan and Mr. C. Sathyan	60 monthly installments of ₹73.33 Lakhs
21	State Bank of India	-	3,526.72	5,000.00	20	31/05/2017	1. Hypothecation of fixed assets created out of TL and land & building and plant & machinery located at plants in Salem (Ice Cream), Kanchipuram and Belgaum and plant & machinery of Chilling Centers at 50 locations and IBACO outlets 2. Personal Guarantee of Mr. R.G. Chandramogan and Mr. C. Sathyan	20 quarterly installments of ₹250.00 Lakhs
22	Yes Bank Limited	-	468.75	2,500.00	16	12/11/2014	1. Exclusive charge on fixed assets created out of loan 2. Personal Guarantee of Mr. R.G. Chandramogan and Mr. C. Sathyan	16 quarterly installments of ₹156.25 Lakhs
23	Yes Bank Limited	1,750.00	3,125.00	7,000.00	16	22/09/2016	1. Exclusive mortgage on land at Thiruvanniyur and land & buildings of Red hills plant and identified moveable fixed assets 2. Personal Guarantee of Shri. R.G. Chandramogan	16 quarterly installments of ₹312.50 Lakhs
24	Yes Bank Limited	-	1,000.00	1,500.00	10	24/03/2017	1. Exclusive charge on fixed assets created out of loan 2. Personal Guarantee of Mr. R.G. Chandramogan and Mr. C. Sathyan	10 quarterly installments of ₹156.25 Lakhs
25	Yes Bank Limited	825.00	1,340.63	1,650.00	16	01/07/2017	1. Exclusive charge on fixed assets created out of loan 2. Personal Guarantee of Mr. R.G. Chandramogan and Mr. C. Sathyan	16 equal monthly installments of ₹103.125 Lakhs

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

S.No	Name of the Bank	Outstanding as on March 31, 2020	Outstanding as on March 31, 2019	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guaranteee	Repayment Terms
26	Yes Bank Limited	1,750.00	2,750.00	3,000.00	12	27/12/2017	1. Exclusive charge on fixed assets created out of loan 2. Personal Guarantee of Mr. R.G. Chandramogan and Mr. C. Sathyan	12 equal quarterly installments of ₹250.00 Lakhs
27	Doha Bank	2,333.33	3,666.67	4,000.00	12	31/12/2018	1. Hypothecation of 1 no. of plant & machinery of windmill unit situated at Kayathar and exclusive charge on other identified moveable assets in different locations 2. Personal Guarantee of Mr. R.G. Chandramogan	12 equal quarterly installments of ₹333.33 Lakhs
28	Yes Bank Limited	1,875.00	2,000.00	2,000.00	16	30/04/2019	1. Exclusive charge on fixed assets created out of loan 2. Personal Guarantee of Mr. R.G. Chandramogan and Mr. C. Sathyan	16 equal quarterly installments of ₹125.00 Lakhs
29	Korak Mahindra Bank	3,750.00	5,000.00	5,000.00	16	16/06/2019	1. Exclusive mortgage on land at Thiruvanniyur and land & buildings of Red hills plant and identified moveable fixed assets 2. Personal Guarantee of Mr. R.G. Chandramogan	16 equal quarterly installments of ₹312.50 Lakhs
30	Axis Bank Limited	4,475.55	5,000.00	5,000.00	18	31/12/2019	1. Extension of exclusive charge on all the movable fixed assets located at Chittoor Vavilthota Plant, Chittoor Vempalli Plant, Gangavaram Plant, Kasypuram Plant, Kodada Chilling Plant, Nizambabad Varni House and Varni Plant and Suraram Hyderabad Plant. 2. Personal Guarantee of Mr. R.G. Chandramogan	18 equal quarterly installments of ₹274.00 Lakhs
31	HDFC Bank Limited	8,000.00	-	8,000.00	18	22/08/2020	1. Exclusive charge on fixed assets created out of loan 2. Personal Guarantee of Shri. R.G. Chandramogan and Shri. C. Sathyan	18 equal quarterly installments of ₹444.00 Lakhs
32	HDFC Bank Limited	8,000.00	-	8,000.00	18	26/09/2020	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times 2. Personal Guarantee of Mr. R.G. Chandramogan	18 equal quarterly installments of ₹444.00 Lakhs
33	Kotak Mahindra Bank	2,344.00	-	2,500.00	16	30/06/2020	1. Extension of mortgage on land & buildings of Red hills plant and specific identified moveable fixed assets of various locations 2. Personal Guarantee of Mr. R.G. Chandramogan	16 equal quarterly installments of ₹146.50 Lakhs
34	HSBC Bank Limited	4,500.00	-	5,000.00	20	24/10/2019	1. Exclusive and Extension of equitable Mortgage of fixed assets of Walajah plant and hypothecation of plant and machinery and moveable fixed assets of Walajah plant with cover of 1.25 times 2. Exclusive charge over specific movable fixed assets with a cover of 1.25 times 3. Personal Guarantee of Mr. R.G. Chandramogan	20 equal quarterly installments of ₹250.00 Lakhs

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

S.No	Name of the Bank	Outstanding as on March 31, 2020	Outstanding as on March 31, 2019	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
35	HSBC Bank Limited	2,250.00	-	2,000.00	20	30/04/2019	1. Exclusive and Extension of equitable Mortgage of fixed assets of Walajah plant and hypothecation of plant and machinery and moveable fixed assets of Walajah plant with cover of 1.25 times 2. Exclusive charge over specific moveable fixed assets with a cover of 1.25 times 3. Personal Guarantee of Mr. R.G. Chandramogan	20 equal quarterly installments of ₹125.00 Lakhs
36	HSBC Bank Limited	5,000.00	-	5,000.00	20	17/06/2020	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times (Proposed) 2. Personal Guarantee of Mr. R.G. Chandramogan	20 equal quarterly installments of ₹250.00 Lakhs
37	HSBC Bank Limited	4,000.00	-	4,000.00	20	18/06/2020	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times (Proposed) 2. Personal Guarantee of Mr. R.G. Chandramogan	20 equal quarterly installments of ₹200.00 Lakhs
38	CITI Bank	3,800.00	-	3,800.00	8	14/08/2020	1. Pari - Passu first charge on all moveable and immovable fixed assets of Tirunelveli Plant with a cover of 1.25 times of the total credit facilities availed (Proposed) 2. Personal Guarantee of Mr. R.G. Chandramogan & C. Sathyan	8 equal Half yearly installments of ₹475.00 Lakhs
39	CITI Bank	1,300.00	-	1,300.00	8	04/09/2020	1. Pari - Passu first charge on all moveable and immovable fixed assets of Tirunelveli Plant with a cover of 1.25 times of the total credit facilities availed (Proposed) 2. Personal Guarantee of Mr. R.G. Chandramogan & C Sathyan	8 equal Half yearly installments of ₹162.50 Lakhs
40.	Axis Bank Limited	3,000.00	-	16,000.00	-	-	1. Exclusive charge on all the moveable and immovable fixed assets located at Govindapur ice cream project- Telangana 2. Personal Guarantee of Mr.R.G.Chandramogan	Installment not yet started
41.	Shimhan Bank	2,000.00	-	2,000.00	6	16/09/2020	1.No Security (Unsecured) 2. Personal Guarantee of Mr. R.G. Chandramogan	6 equal Half yearly installments of ₹333.33 Lakhs
		82,450.79	79,368.59					

(b) Foreign Currency loans from banks comprise of Long Term Buyer's Credit, Foreign Currency Non Residential Term Loan (FCNR TL):

S.No	Name of the Bank	Outstanding as on March 31, 2020	Outstanding as on March 31, 2019	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
1	Bank of Tokyo - MUFJ Bank	7,582.00	-	7,110.00	4	27/09/2019	1. Exclusive first charge over the moveable fixed assets on various locations with cover of 1.0 times funded out of ECB (Proposed) 2. Personal Guarantee of Mr. R.G. Chandramogan	4 quarterly installments of ₹1777.50 Lakhs
		7,582.00	-	-	-	-		

*Note: Outstanding amount includes amount towards cash flow hedge reserve

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	AS AT MARCH 31, 2020	AS AT MARCH 31, 2019
16. DEFERRED TAX LIABILITY (NET)		
Deferred tax liability relating to		
Depreciation on fixed assets	9,438.08	8,415.27
Others	-	51.27
Employee Benefits	(46.94)	(20.09)
	<u>9,391.14</u>	<u>8,446.45</u>
Deferred tax asset relating to		
Expenses allowed under IT on payment basis	436.84	307.36
MAT Credit entitlement	2,450.07	4,135.25
Others-Leases,Grants etc.	920.74	-
Cash Flow Hedge	61.32	-
Financial assets/liabilities carried at amortised cost	2.53	34.81
	<u>3,871.50</u>	<u>4,477.42</u>
Deferred tax liability/(assets) (Net) (A-B)	5,519.64	3,969.03

Following is the analysis of the deferred tax (asset)/liabilities presented in the Balance sheet.

For the year ended March 31, 2020:

Particulars	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	MAT credit utilisation	Closing balance
Deferred tax liability relating to					
Depreciation on fixed assets	8,415.27	1,022.81	-	-	9,438.08
Others	51.27	(51.27)	-	-	-
Employee benefits	(20.09)	-	(26.85)	-	(46.94)
	<u>8,446.45</u>	<u>971.54</u>	<u>(26.85)</u>	-	<u>9,391.14</u>
Deferred tax asset relating to					
Expenses allowed under IT on payment basis	(307.36)	(129.48)	-	-	(436.84)
MAT Credit entitlement	(4,135.25)	-	-	1,685.18	(2,450.07)
Others -Leases,Grants etc.	-	(920.74)	-	-	(920.74)
Cash Flow Hedge	-	-	(61.32)	-	(61.32)
Financial assets/liabilities carried at amortised cost	(34.81)	32.28	-	-	(2.53)
	<u>(4,477.42)</u>	<u>(1,017.94)</u>	<u>(61.32)</u>	<u>1,685.18</u>	<u>(3,871.50)</u>
Deferred tax liability/(assets) (Net) (A-B)	3,969.03	(46.40)	(88.17)	1,685.18	5,519.64

For the year ended March 31, 2019:

Particulars	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	MAT credit utilisation	Closing balance
Deferred tax liability relating to					
Depreciation on fixed assets	8,319.77	95.50	-	-	8,415.27
Others	72.59	(21.32)	-	-	51.27
Employee benefits	34.92	-	(55.01)	-	(20.09)
	<u>8,427.28</u>	<u>74.18</u>	<u>(55.01)</u>	-	<u>8,446.45</u>
Deferred tax asset relating to					
Expenses allowed under IT on payment basis	(237.00)	(70.36)	-	-	(307.36)
MAT Credit entitlement	(5,322.89)	-	-	1,187.64	(4,135.25)
Others	(2.18)	2.18	-	-	-
Cash Flow Hedge	(22.34)	-	22.34	-	-
Financial assets/liabilities carried at amortised cost	(35.39)	0.58	-	-	(34.81)
	<u>(5,619.80)</u>	<u>(67.60)</u>	<u>22.34</u>	<u>1,187.64</u>	<u>(4,477.42)</u>
Deferred tax liability/(assets) (Net) (A-B)	2,807.48	6.58	(32.67)	1,187.64	3,969.03

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	AS AT MARCH 31, 2020	AS AT MARCH 31, 2019
17. OTHER NON-CURRENT LIABILITIES		
Government grant	990.48	61.01
Total	<u>990.48</u>	<u>61.01</u>
18. TRADE PAYABLES		
Trade Payables (Refer Note below)		
• Total outstanding dues of micro enterprises and small enterprises	0.84	2.76
• Total outstanding dues of creditors other than micro enterprises and small enterprises	14,205.27	17,760.09
Total	<u>14,206.11</u>	<u>17,762.85</u>

18a. DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

PARTICULARS	AS AT MARCH 31, 2020	AS AT MARCH 31, 2019
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	0.84	2.76
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day		
(iv) The amount of interest due and payable for the year		
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year		
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Note: Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

19. OTHER FINANCIAL LIABILITIES - CURRENT

PARTICULARS	AS AT MARCH 31, 2020	AS AT MARCH 31, 2019
Capital Creditors	1,987.37	5,154.99
Current portion of borrowings (Refer Note 15)	28,625.33	29,129.09
Interest accrued but not due on borrowings	349.97	-
Investor Education & Protection Fund shall be credited by following amount (as and when due):		
- Unclaimed dividend	95.73	101.31
Interest free security deposits from customers	10,502.80	9,438.07
Accrued Salaries and Benefits	701.65	646.31
Total	<u>42,262.85</u>	<u>44,469.77</u>
20. PROVISION - CURRENT		
Provision for gratuity (Refer Note 35)	564.45	267.75
Provision for compensated absences	-	149.44
Total	<u>564.45</u>	<u>417.19</u>
21. OTHER CURRENT LIABILITIES		
Government grant	35.26	-
Advances received from customers	1,224.02	885.45
Statutory dues payable	1,438.80	2,888.02
Total	<u>2,698.08</u>	<u>3,773.47</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

22. REVENUE FROM CONTRACTS WITH CUSTOMERS

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2020	FOR THE YEAR ENDED MARCH 31, 2019
a. Revenue from sale of Products	530,025.30	475,176.10
b. Other Operating Revenue		
(i) Export Benefits	23.39	31.34
(ii) Scrap sales and others	784.75	822.45
Total	<u>530,833.44</u>	<u>476,029.89</u>

Note: 22.1 Disaggregated revenue information

Based on the management approach as defined in IND AS 108 – Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, the Company has identified Milk & Milk products as its reportable segment. Others primarily comprises Cattle feed and Ready-to-eat products segments. Refer Note 39

Note: 22.2 Trade Receivables and Contract Balances

A receivable is a right to consideration that is unconditional upon passage of time. The company sells goods on advance payment terms. In case of customers with certain nature of products where the credit is allowed, the same is disclosed in Note 9 - Trade Receivables.

Note 22.3 Transaction price allocated to the remaining performance obligation

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognised corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis.

Note 22.4 Information about major customers

Company has no single customer from whom the revenue is not less than 10 % of the revenue from external customers of the company.

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2020	FOR THE YEAR ENDED MARCH 31, 2019
23. OTHER INCOME		
Interest Income on		
- Bank Deposits	19.45	17.03
- Other deposits	63.72	53.08
- Other financial asset carried at amortised cost	228.03	132.89
Gain on redemption of MF investments	4.18	-
Foreign Exchange Fluctuation (net)	100.81	-
Recoveries and others	413.65	401.85
Government Grant (Refer Note 21)	35.26	-
Total	<u>865.10</u>	<u>604.85</u>
24. COST OF MATERIALS CONSUMED		
Opening stock	14,792.51	9,858.14
Add : Purchases	370,896.60	333,893.37
	<u>385,689.11</u>	<u>343,751.51</u>
Less : Closing stock	17,192.14	14,792.51
Total	<u>368,496.97</u>	<u>328,959.00</u>
25. PURCHASES OF TRADED GOODS		
Purchases of traded goods	268.89	60.93
Total	<u>268.89</u>	<u>60.93</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2020	FOR THE YEAR ENDED MARCH 31, 2019
26. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE AND WORK-IN-PROGRESS		
Opening stock		
Traded Goods	2.47	27.04
Work-in-Progress	4,405.48	4,993.19
Finished goods	18,775.82	23,400.56
	<u>23,183.77</u>	<u>28,420.79</u>
Closing stock		
Traded Goods	151.04	2.47
Work-in-Progress	3,966.68	4,405.48
Finished goods	11,732.59	18,775.82
	<u>15,850.31</u>	<u>23,183.77</u>
Decrease/(Increase) in inventories of finished goods, stock in trade and work-in-progress	7,333.46	5,237.02
27. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus - Refer Note 37	13,323.65	12,074.84
Contribution to provident and other funds - Refer Note 35 (a) & (b)	1,086.74	1,023.47
Staff welfare expenses	2,360.38	2,494.04
Total	<u>16,770.77</u>	<u>15,592.35</u>
28. FINANCE COSTS		
Interest expenses	8,272.90	8,415.52
Interest on Lease Liability	2,159.11	-
Bank charges	153.06	156.87
Total	<u>10,585.07</u>	<u>8,572.39</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2020	FOR THE YEAR ENDED MARCH 31, 2019
29. OTHER EXPENSES		
Consumption of stores and spares	1,527.79	1,275.78
Power and fuel [net of power credits of Rs. 2,481.88 (March 31, 2019 : Rs. 3,280.37)]	12,992.82	11,096.99
Repairs & maintenance		
Plant and machinery	6,238.02	5,041.04
Buildings	965.16	855.55
Others	1,735.03	1,909.51
Rent (Refer Note 36)	1,704.52	6,866.60
Rates and taxes	505.94	460.35
Insurance	673.02	588.04
Printing and stationery	463.48	423.05
Service Charges	14,590.53	10,751.36
Legal and professional expenses	1,213.32	806.74
Advertisement and sales promotion expenses	10,473.35	10,620.56
Payment to the auditors (Refer Note: 29.1)	77.84	63.55
Travelling and conveyance	5,660.92	5,431.67
Communication expenses	793.33	733.91
Loss on sale of assets scrapped (Refer Note 3)	-	628.36
Loss on sales of other assets (net)	8.26	57.68
Freight outwards	19,926.16	19,355.04
Security Charges	1,341.14	1,190.55
Commission on sales	66.15	1,914.55
Foreign Exchange Fluctuation (net)	-	174.66
Corporate Social Responsibility expenditure (Refer Note: 44)	641.41	569.15
Donations	55.75	46.29
Directors sitting fees	31.02	17.90
Postage and Courier charges	128.39	175.48
Miscellaneous expenses	1,142.53	981.04
Total	<u>82,955.88</u>	<u>82,035.40</u>
Note: 29.1		
Payment to Auditors (excluding tax)		
As auditor :		
- Statutory audit fee	40.00	36.00
- Tax audit fee	7.50	7.50
- Limited review	15.00	9.00
- GST audit fee	6.50	-
- Certification fees	8.50	10.93
- Reimbursement of expenses	0.34	0.12
Total	<u>77.84</u>	<u>63.55</u>
30. OTHER COMPREHENSIVE INCOME (OCI)		
The disaggregation of changes to OCI by each type of reserve in equity is shown below:		
Items not to be reclassified to Profit or Loss:		
Retained Earnings:		
Re-measurement (gains)/losses on defined benefit obligations		
- Refer Note 35(a)	76.74	157.44
Income tax effect	(26.85)	(55.01)
Total	<u>49.89</u>	<u>102.43</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2020	FOR THE YEAR ENDED MARCH 31, 2019
Items to be reclassified to Profit or Loss:		
Cash flow hedge reserves		
Add/Less: Adjustments during the year		
Movement during the year - (gain)/loss	175.5	(64.59)
Income tax effect	(61.32)	22.34
Total	<u>114.19</u>	<u>(42.25)</u>
31. EARNINGS PER SHARE (EPS)		
Basic and diluted EPS computations:		
Profit available for equity shareholders	11,227.17	11,484.67
Weighted average number of equity shares in computing basic EPS	160,650,372	162,052,141
Weighted average number of equity shares in computing Diluted EPS	161,678,826	159,665,034
Face value of each equity share (Rs.)	1	1
Earnings per share		
- Basic (Rs.)	6.99	7.09
- Diluted (Rs.)	6.94	7.19

32. TAXES**(a) Income tax expense:**

The major components of income tax expenses for the year ended March 31, 2020 and for the year ended March 31, 2019 are:

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2020	FOR THE YEAR ENDED MARCH 31, 2019
(i) Income tax recognised in Profit or Loss:		
Net current tax expense	5,280.00	4,627.55
Adjustment of tax relating to earlier years	(821.43)	-
Deferred tax (credit)/charge	(46.40)	6.11
Net deferred tax charge	<u>(46.40)</u>	<u>6.11</u>
Total income tax expense recognised in statement of Profit & Loss	<u>4,412.17</u>	<u>4,633.66</u>
(ii) Income tax recognised in Other Comprehensive Income:		
Deferred tax (credit)/charge		
Re-measurement of DBO	(26.85)	(55.01)
Movement in cash flow hedge reserve	(61.32)	22.34
Income tax charged to OCI	<u>(88.17)</u>	<u>(32.67)</u>
(b) Reconciliation of effective tax rate:		
Profit Before Tax (A)	15,639.34	16,118.33
Enacted tax rate in India (B)	34.944%	34.944%
Expected tax expense using the Company's applicable rate	5,465.01	5,632.39
Tax Effect of:		
- Adjustments recognised in the current year in relation to the current income tax of prior years.	(821.43)	-
- Effect on expenses that are not deductible in determining taxable profit	126.75	114.65
- Effect of income that is exempt from taxation	(358.16)	(1,113.38)
Income tax expenses recognised in statement of profit or loss	<u>4,412.17</u>	<u>4,633.66</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

Note: The tax rate used for the year ended March 31, 2020 and March 31, 2019 reconciliation above is the corporate tax rate of 34.944% payable by corporate entities in India on book profits under Indian Income Tax Laws.

(c) During the year ended March 31, 2020, the Company has paid dividend to its shareholders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence, DDT paid is charged to equity.

33. DISTRIBUTION MADE AND PROPOSED

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2020	FOR THE YEAR ENDED MARCH 31, 2019
Cash dividends on Equity shares declared and paid:		
Final dividend for the year	-	-
DDT on final dividend	-	-
Interim dividend for the year ended 31 March 2020, INR 6 per share (31 March 2019, INR 5 per share)	9,624.62	7,760.59
DDT on interim dividend	1,978.37	1,595.21

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at 31 March 2020 and 31 March 2019.

34. COMMITMENTS AND CONTINGENCIES

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2020	FOR THE YEAR ENDED MARCH 31, 2019
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as debt	-	-
(ii) Commitments		
((a) Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	29,623.78	11,642.17

35. EMPLOYEE BENEFITS**(a) Gratuity benefits provided by the Company**

In accordance with applicable Indian laws, the Company has a defined benefit plan which provides for gratuity payments (the "Gratuity Plan") and covers certain categories of employees in India. The Gratuity Plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee's last drawn salary and the years of employment with the Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund maintained with Life Insurance Corporation of India (LIC).

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. When there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit. Currently, for these plans, investments are made in government securities, debt instruments, Short term debt instruments, Equity instruments and Asset Backed, Trust Structured securities as per notification of Ministry of Finance.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The components of gratuity cost recognised in the statement of profit and loss for the years ended March 31, 2020 and March 31, 2019 consist of the following:

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2020	FOR THE YEAR ENDED MARCH 31, 2019
Current service cost	202.03	182.74
Interest expenses on defined benefit obligation	91.29	80.65
Interest income on plan asset	(73.04)	(85.85)
Gratuity cost recognised in statement of profit and loss	<u>220.28</u>	<u>177.54</u>
Re-measurement on the net defined benefit liability:		
Actuarial (gains)/losses due to financial assumptions changes in defined benefit obligation	76.74	157.44
Components of defined benefit costs recognised in other comprehensive income	<u>76.74</u>	<u>157.44</u>
Details of the employee benefits obligations and plan assets are provided below:		
Present value of funded obligations	1,666.64	1,390.46
Fair value of plan assets	(1,102.19)	(1,122.71)
Net defined benefit liability (surplus)/deficit recognised	<u>564.45</u>	<u>267.75</u>
Details of changes in the present value of defined benefit obligations are as follows:		
Defined benefit obligations at the beginning of the year	1,390.46	1,061.43
Current service cost	202.03	182.74
Interest on defined obligations	91.29	80.65
Benefits payment from plan	(103.76)	(49.42)
Actuarial (gains)/loss	86.62	115.06
Defined benefit obligations at the end of the year	<u>1,666.64</u>	<u>1,390.46</u>
Details of changes in the fair value of plan assets are as follows:		
Fair value of plan assets at the beginning of the year	1,122.72	1,127.59
Interest income on plan assets	85.40	85.84
Employer contributions	0.33	1.08
Benefits paid from plan assets	(103.76)	(49.42)
Actuarial gains/(loss)	(2.50)	(42.37)
Fair value of plan asset at the end	<u>1,102.19</u>	<u>1,122.72</u>
Actual return on plan asset	<u>82.91</u>	<u>85.84</u>
Sensitivity Analysis:		
(a) Effect of 1% change in assumed discount rate		
- 1% increase	1,486.64	1,231.82
- 1% decrease	1,883.15	1,578.74
(b) Effect of 1% change in assumed salary escalation rate		
- 1% increase	1,877.84	1,569.24
- 1% decrease	1,487.90	1,236.46
(c) Effect of 1% change in assumed attrition rate		
- 1% increase	1,650.74	1,374.47
- 1% decrease	1,684.89	1,405.87
(d) Effect of change in assumed mortality rate		
- 10% increase	1,666.38	1388.79

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2020	FOR THE YEAR ENDED MARCH 31, 2019
Discount rate	6.82%	7.78%
Rate of return of plan assets	6.82%	7.78%
Attrition rate	3.00%	3.00%
Rate of compensation increase	7.00%	8.00%

The expected future cash flows in respect of gratuity were as follows:

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2020	FOR THE YEAR ENDED MARCH 31, 2019
Expected future benefit payments		
Year 1	56.02	69.15
Year 2	55.96	44.79
Year 3	89.71	50.21
Year 4	57.73	72.36
Year 5	90.80	53.17
Beyond 5 and upto 10 years	389.28	388.50

(b) Provident fund benefits

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund, which is defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to provident fund for the year aggregated to INR. 866.46 Lakhs (March 31, 2019: INR. 846.98 Lakhs) and is included in "contribution to provident and other funds".

(c) Employee State Insurance benefits

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Employee State Insurance, which is defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Employee state Insurance for the year aggregated to INR. 150.31 Lakhs (March 31, 2019: INR. 196.92 Lakhs) and is included in "Staff Welfare Expenses".

36. Leases

The Company has adopted IND AS 116 "Leases" with effect from April 01, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Company has applied Ind AS 116 using the modified retrospective approach which resulted in recognition of Right of Use Asset (ROU) and equivalent Lease Liability at Rs. 20,792.61 Lakhs.

A. Break-up of current and non-current lease liabilities:

The following is the break-up of current and non-current lease liabilities as at March 31, 2020:

PARTICULARS	AS AT MARCH 31, 2020
Current lease liabilities	6,330.85
Non-current lease liabilities	17,329.76
Total	23,660.61

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

B. Movement in Lease Liabilities

The following is the movement in lease liabilities during the nine months ended March 31, 2020:

PARTICULARS	AS AT MARCH 31, 2020
Balance as on 1st April 2019	-
Additions	28,612.11
Finance costs accrued during the period	2,159.11
Deletions	(804.42)
Payment of Lease liabilities	(6,306.19)
Total	23,660.61

C. The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

PARTICULARS	AS AT MARCH 31, 2020
Less than one year	6,760.24
One to five years	27,682.77
More than five years	960.94

D. Amounts recognized in statement of profit and loss

PARTICULARS	AS AT MARCH 31, 2020
Interest on lease liabilities	2,159.11
Variable lease payments not included in the lease payment liabilities	3.11
Income from sub-leasing right of use assets	-
Expenses relating to short-term leases (included under Rent in note28)	1,701.41
Expenses relating to leases of low-value assets,excluding short term leases of low value assets.	-

37. RELATED PARTY DISCLOSURE**List of related parties****Key Management Personnel (KMP):**

R.G. Chandramogan	Managing Director
C. Sathyan	Executive Director
H. Ramachandran	Chief Financial Officer
G. Somasundaram	Company Secretary

Entities in which KMP has significant influence

Raja KSP Ganesan Charities
HAP Sports trust

Note: Related party relationship are as identified by the management and relied upon by the auditors

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

Transactions with Related Parties

Nature of The Transaction and Relationship	Year Ended March 31, 2020	Year Ended March 31, 2019
1) Remuneration payable to KMP's		
Shri. R.G. Chandramogan	88.40	66.81
Shri. C. Sathyan	82.24	66.06
Shri. H. Ramachandran	68.53	58.82
Shri. S. Narayan	-	16.74
Shri. G. Somasundaram	25.68	0.14
2) Remuneration payable to Non-Executive Director		
K.S. Thanarajan	47.88	-
3) CSR Contribution to Trust		
HAP Sports trust	629.00	492.50
3) Payment of Dividend		
R.G. Chandramogan	5,444.21	4,348.22
C. Sathyan	903.83	725.92
4) Purchase of Assets-Land and Building		
R.G. Chandramogan	-	257.05
C. Sathyan	-	257.05
5) Subscription to Right Shares		
R.G. Chandramogan	6,396.26	25,585.04
C. Sathyan	1,107.38	4,429.54
6) Guarantees received from KMP's towards loan taken by the Personal guarantee provided by Managing Director and Executive Director	119,670.36	102,495.25

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. Actuarial valuation based provision with respect to gratuity have not been included as these are computed for the company as a whole.

38. HEDGING ACTIVITIES AND DERIVATIVES

The Company uses foreign currency denominated borrowings and interest rate swap contracts to manage some of its transaction exposures. The interest rate swap contracts are designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions

a) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under -

Particulars	Currency	March 31, 2020		March 31, 2019	
		Amount In Foreign Currency	Amount In ₹	Amount In Foreign Currency	Amount In ₹
Trade receivables	USD	1.26	95.05	0.14	9.35
Trade payables	USD	3.18	239.54	2.91	201.26
	EUR	0.17	13.83	0.02	1.27
Capital Creditors Payable	USD	0.64	48.39	-	-
	EUR	0.19	15.77	7.08	550.40
Trade Advance	USD	0.05	4.10	2.45	169.15
	EUR	0.05	4.11	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

b) Foreign currency sensitivity:

The Company is mainly exposed to fluctuations in US Dollar, EURO and GBP. The following table details the Company's sensitivity to a 5% increase and decrease against the US Dollar. 5% is the sensitivity used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only net outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rupee strengthens by 5% against the US Dollar, EURO. For a 5% weakening against the US Dollar, EURO, there would be a comparable impact on the profit or equity.

Particulars	Change In Rate		Effect On Profit Before Tax		Effect On Equity	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
March 31, 2020						
USD	5%	5%	(9.86)	9.86	(9.86)	9.86
GBP	5%	5%	-	-	-	-
EURO	5%	5%	(1.00)	1.00	(1.00)	1.00
March 31, 2019						
USD	5%	5%	(18.06)	18.06	(13.21)	13.21
GBP	5%	5%	-	-	(1.94)	(1.85)
EURO	5%	5%	(27.52)	27.52	83.32	48.00

39. SEGMENT INFORMATION**1. Products from which reportable segments derive their revenues**

Based on the management approach as defined in IND AS 108 – Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, the Company has identified Milk & Milk products as its reportable segment. Others primarily comprises Cattle feed and Ready-to-eat products segments.

2. Segment revenues and results

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Segment Revenue		
(a) Milk & Milk products	490,959.41	445,556.11
(b) Others	39,874.03	30,473.78
Net Sales/Income from Operations	530,833.44	476,029.89
Segment Results		
(a) Milk & Milk products	31,919.79	23,593.25
(b) Others	(5,560.95)	1,218.13
Total Segment Results	26,358.84	24,811.38
Less: Finance costs	10,585.07	8,572.39
Add: Interest income	311.20	203.00
Net un-allocable expenditure/(income)	445.63	323.66
Total Profit before tax	15,639.34	16,118.33
Less: Tax expenses	4,412.17	4,633.66
Total Profit after tax	11,227.17	11,484.67

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

3. Segment assets and liabilities

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Segment Assets		
(a) Milk & Milk products	228,542.82	182,530.03
(b) Others	30,869.24	36,673.93
(c) Unallocated	12,014.23	5,378.88
Total Segment Assets	271,426.29	224,582.84
Segment Liabilities		
(a) Milk & Milk products	50,768.66	29,961.21
(b) Others	3,867.13	1,626.27
(c) Unallocated	126,342.60	112,527.71
Total Segment Liabilities	180,978.39	144,115.19

4. Other segment information

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
A. Capital Expenditure		
(a) Milk & Milk products	47,823.93	29,317.97
(b) Others	6,805.61	5,816.24
Total Capital Expenditure	54,629.54	35,134.21
B. Depreciation		
(a) Milk & Milk products	27,608.57	19,330.68
(b) Others	2,039.59	728.64
Total Depreciation	29,648.16	20,059.32

Geographical Segment

The Company's secondary segment is the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by location of the assets. The following table present revenue, expenditure and certain asset information regarding the company's geographical segments:

Year ended March 31, 2020

PARTICULARS	INDIA	OTHERS	TOTAL
Revenue from Operation	530,327.02	506.42	530,833.44
Segment assets	271,327.14	99.15	271,426.29
Capital expenditure:			
Tangible fixed assets	54,381.89	-	54,381.89
Intangible fixed assets	247.64	-	247.64

Year ended March 31, 2019

PARTICULARS	INDIA	OTHERS	TOTAL
Revenue from Operation	473,323.79	2,706.10	476,029.89
Segment assets	224,404.34	178.50	224,582.84
Capital expenditure:			
Tangible fixed assets	34,886.57	-	34,886.57
Intangible fixed assets	247.64	-	247.64

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

40. FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

	Carrying value		Fair value	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Financial assets				
Financial assets at fair value through profit & loss:				
a) Investments				
-Equity instruments	12.00	12.00	12.00	12.00
b) Derivate assets	297.25	-	297.25	-
Financial assets at amortised cost:				
a) Trade receivables	1,455.11	825.13	1,455.11	825.13
b) Cash and cash equivalents	4,469.88	3,641.08	4,469.88	3,641.08
d) Other financial assets	6,790.69	5,326.79	6,790.69	5,326.79
Total Financial assets	13,024.93	9,805.00	13,024.93	9,805.00
Financial liabilities				
Financial liabilities at amortised cost:				
a) Borrowings (Long term)				
Indian Rupee loans from banks	57,380.46	50,239.50	57,380.46	50,239.50
Foreign currency loans from banks	4,027.00	-	4,027.00	-
Finance lease obligation	17,329.76	-	17,329.76	-
b) Borrowings (Short term)				
Indian Rupee loans from banks	24,403.67	29,129.09	24,403.67	29,129.09
Foreign currency loans from banks	3,555.00	-	3,555.00	-
Loan repayable on demand from banks	29,668.71	23,422.37	29,668.71	23,422.37
c) Finance lease obligation	6,330.85	-	6,330.85	-
d) Trade payables	14,206.11	17,762.85	14,206.11	17,762.85
e) Other Financial Liabilities	14,304.18	15,340.68	14,304.18	15,340.68
Total Financial Liabilities	171,205.74	135,894.49	171,205.74	135,894.49

The management assessed that trade receivables, cash and cash equivalents, borrowings, trade payables and other liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

41. Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

i. Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2020:

Particulars	Date of valuation	Fair value measurement using			
		Fair Value as at March 31, 2020	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Financial assets measured at fair value					
a) Investments in unquoted equity shares	March 31, 2020	12.00	-	-	12.00
b) Derivative assets	March 31, 2020	297.25	-	297.25	-
c) Security deposits	March 31, 2020	6,673.14	-	-	6,673.14
Financial liabilities					
Financial liabilities measured at amortised cost					
a) floating rate USD loan from bank (long term)	March 31, 2020	4,027.00	-	4,027	-
b) fixed rate INR loan from bank (long term)	March 31, 2020	57,380.46	-	57,380.46	-

There are no transfers between levels 1 and 2 during the year.

i. Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2019:

Particulars	Date of valuation	Fair value measurement using			
		Fair Value as at March 31, 2019	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Financial assets measured at fair value					
a) Investments in unquoted equity shares	March 31, 2019	12.57	-	-	12.57
b) Derivative assets	March 31, 2019	0.00	-	-	-
c) Security deposits	March 31, 2019	5,076.54	-	-	5,076.54
Financial liabilities					
Financial liabilities measured at amortised cost					
a) floating rate USD loan from bank (long term)	March 31, 2019	-	-	-	-
b) fixed rate INR loan from bank (long term)	March 31, 2019	50,239.50	-	50,239.50	-

There are no transfers between levels 1 and 2 during the year.

iii. Measurement of Fair Value:

Valuation techniques:

The following table shows the valuation techniques used in measuring fair values for assets and liabilities carried at fair value:

Type	Valuation Technique
Assets measured at fair value: Derivative assets	The fair value is determined based on valuation from Banks and financial institutions.
Liabilities measured at amortised cost: a) floating rate USD loan from bank (long term) b) fixed rate INR loan from bank (long term)	The valuation model adopted for computing the fair value of the borrowing is the discounted cash flow model, where the present value of expected payments is discounted using a market interest rate.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

42. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance its operation. The Company's principal financial assets include trade and other receivables, cash and cash equivalents and bank balances that are derived directly from its operation. The Company also holds FVTOCI investments and enters into derivative transactions.

The Company's activities are exposed to a variety of financial risks, like credit risk, market risk and liquidity risk. The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

a. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

Trade and other receivables

The Company sells goods on advance payment terms. In cases of customers with certain nature of products where credit is allowed, the average credit period on such sale of goods ranges from 1 day to 45 days depending on the nature of the product. The customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with this assessment and outstanding customer receivables are

regularly monitored. The Company's receivables turnover is quick and historically, there was no significant defaults on account of those customer in the past.

Ind AS requires an entity to recognise in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with Ind AS 109. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. Currently the Company has not provided any provision in the books as per Ind AS 109 due to the fact that there are no historical credit losses observed in the past

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is INR. 1,246.89 Lakhs and 825.13 Lakhs as of March 31, 2020 and March 31, 2019 being the total of the carrying amount of balances with trade receivables.

b. Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company has established an appropriate liquidity risk management framework for its short term, medium term and long term funding requirement.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

PARTICULARS	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 YEARS AND ABOVE
	INR	INR	INR	INR	INR
31-Mar-20					
Non-interest bearing	-	14,206.11	13,637.52	-	
Fixed interest rate instruments	-	-	34,289.52	108,405.93	
Total	-	14,206.11	47,927.04	108,405.93	
31-Mar-19					
Non-interest bearing	-	17,762.85	15,340.68	-	
Fixed interest rate instruments	-	-	29,129.09	73,661.87	
Total	-	17,762.85	44,469.77	73,661.87	-

The following table details the Company's expected maturity for its financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

PARTICULARS	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 YEARS AND ABOVE
	INR	INR	INR	INR	INR
Non-interest bearing	7.12	1,455.11	2,418.57	4,765.10	-
Variable interest rate	-	4,062.02	-	-	-
Fixed interest rate instruments	-	-	305.01	12.00	-
Total	7.12	5,517.13	2,723.58	4,777.10	-
31-Mar-19					
Non-interest bearing	6.94	825.13	853.18	4,574.92	-
Variable interest rate	-	3,257.98	-	-	-
Fixed interest rate instruments	-	-	274.85	12.00	-
Total	6.94	4,083.11	1,128.03	4,586.92	-

c. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. In order to optimise the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, management performs a comprehensive corporate interest risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on borrowings, as follows:

Year Ending	Change in basis points		Effect on profit before tax		Effect on Equity	
	Increase	Decrease	Decrease	Increase	Decrease	Increase
March 31, 2020	1%	1%	(75.82)	75.82	(75.82)	75.82
March 31, 2019	1%	1%	-	-	-	-

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

ii) Foreign Currency Risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Company. The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

43. Capital management

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to the stakeholders through the optimisation of the debt and equity balance. The Company determines the amount of capital required on the basis of an annual budgeting exercise, future capital projects outlay etc. The funding requirements are met through equity, internal accruals and borrowings (short term/long term).

Particulars	March 31, 2020	March 31, 2019
Borrowings (Note 15)	119,701.50	102,790.96
Less: cash and cash equivalents (Note 10)	(4,469.88)	(3,641.08)
Net debt	115,231.62	99,149.88
Equity (Note 13)	1,617.11	1,598.10
Other Equity (Note 14)	88,830.79	78,869.55
Total Equity	90,447.90	80,467.65
Gearing ratio (Net Debt/Total Equity)	1.27	1.23

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Lakhs except for share data or as otherwise stated)

44. Expenditure on Corporate Social Responsibility (CSR)

Particulars	March 31, 2020	March 31, 2019
a) Gross amount required to be spent by the Company during the year	301.06	283.03
b) Amount spent during the year	641.41	569.15
c) Amount unspent as at year end	-	-

45. Estimation uncertainty during COVID 19 outbreak

The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of Trade receivables, Inventories, Other financial assets, Other current assets. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

For and on behalf of the Board of Directors of Hatsun Agro Product Limited

Sd/-
R. G. Chandramogan
Managing Director

Sd/-
C. Sathyan
Executive Director

Sd/-
H. Ramachandran
Chief Financial Officer

Sd/-
G. Somasundaram
Company Secretary

Place: Chennai
Date: 23rd June, 2020

HAP | Hatsun Agro Product Limited

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